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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-118269-23]

RIN 1545-BR19

Section 30C Alternative Fuel Vehicle Refueling Property Credit

AGENCY: Internal Revenue Service (IRS),
Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations regarding the Federal income tax credit under the Inflation Reduction Act of 2022 for certain costs relating to qualified alternative fuel vehicle refueling property that is placed in service within a low-income community or within a non-urban census tract. These proposed regulations would affect eligible taxpayers who place qualified property into service during a taxable year.

DATES: Written or electronic comments and requests for a public hearing must be received by November 18, 2024.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-118269-23) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the “Comments and Requests for a Public Hearing” section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comments submitted to the IRS’s public docket. Send paper submissions to: CC:PA:01:PR (REG-118269-23), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, contact Kevin I. Babitz or Whitney E. Brady of Office of Associate Chief Counsel (Passthroughs & Special Industries) at (202) 317-6853 (not a toll-free number); concerning submissions of

comments and requests for a public hearing, Publications and Regulations Section at (202) 317-6901 (not a toll-free number) or by email to publichearings@irs.gov (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This document contains proposed amendments to the Income Tax Regulations (26 CFR part 1) under sections 30C, 48, 48E, 6417, and 6418 of the Internal Revenue Code (Code) issued by the Secretary of the Treasury or her delegate (Secretary) under the authority granted under sections 30C(e)(5), (g)(4), and (h), 45(b)(12), 48(a)(16), 48E(i), 6417(h), 6418(g) and (h), and 7805(a) of the Code (proposed regulations).

Section 30C includes three specific delegations of regulatory authority. First, 30C(h) provides a general grant of regulatory authority for section 30C as a whole, stating, “[t]he Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.” Second, section 30C(g)(4) provides a specific delegation of authority related to the prevailing wage and registered apprenticeship (PWA) requirements: “The Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this subsection, including regulations or other guidance that provides for requirements for recordkeeping or information reporting for purposes of administering the requirements of this subsection.” Third, section 30C(e)(5) provides a specific delegation of authority by cross-reference to provide recapture rules similar to those under former section 179A (described in part III.A. of the Background section and part IV.A. of the Explanation of Provisions section) as authorized by former section 179A(e)(4).

Sections 45(b)(12) and 48(a)(16) provide specific delegations of authority with respect to the requirements of section 45(b), including the PWA requirements of section 45(b)(7) and (8) that sections 48(a)(10) and (11) and 48E(d)(3) and (4) refer to, each stating, “[t]he Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this subsection, including regulations or other guidance which provides for requirements for recordkeeping or information reporting for purposes of administering the requirements of this subsection.” Section 48E(i) provides a specific delegation of authority with respect to the requirements of section 48E, including the PWA requirements of section 48E(d)(3) and (4), stating, that

“[n]ot later than January 1, 2025, the Secretary shall issue guidance regarding implementation of this section.”

Sections 6417(h) and 6418(h) provide specific delegations of authority with respect to the elective payment election rules of section 6417 and the transfer of certain credits under section 6418, each stating, in part, that “[t]he Secretary shall issue such regulations or other guidance as may be necessary to carry out the purposes of this section” Finally, section 7805(a) authorizes the Secretary to prescribe all needful rules and regulations for the enforcement of the Code.

Background

I. Overview

Section 30C of the Code allows a credit (section 30C credit) against the tax imposed by chapter 1 of the Code (chapter 1) with respect to each item of qualified alternative fuel vehicle refueling property that a taxpayer places in service. The section 30C credit is determined and allowed with respect to the taxable year in which the taxpayer places the item of property in service.

Section 30C was originally enacted by section 1342(a) of the Energy Policy Act of 2005, Public Law 109-58, 119 Stat. 594, 1049 (Aug. 8, 2005), to provide a credit for the cost of qualified alternative fuel vehicle refueling property. Section 30C has been amended several times since its enactment, most recently by section 13404 of Public Law 117-169, 136 Stat. 1818, 1966 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA). As amended by the IRA, section 30C allows taxpayers to claim a credit for up to 30 percent of the cost of qualified alternative fuel vehicle refueling property placed in service after December 31, 2022, and on or before December 31, 2032.

The amount of the section 30C credit is treated as a personal credit or a general business credit depending on the character of the property that the taxpayer places in service. In general, the section 30C credit is a nonrefundable personal credit allowed under subpart B of part IV of subchapter A of chapter 1. However, the amount of the section 30C credit that is attributable to property that is of a character subject to an allowance for depreciation (depreciable property) is treated under section 30C(d)(1) as a current year business credit under section 38(b) of the Code instead of being allowed under section 30C(a).

II. Credit Amount and Limitation

For property placed in service after December 31, 2022, and on or before December 31, 2032, section 30C(a) provides a credit equal to 6 percent of the cost of any qualified alternative fuel vehicle refueling property that the taxpayer places in service during the year, if the property is depreciable property. However, for depreciable property that is placed in service as part of a qualified alternative fuel vehicle refueling project that satisfies the prevailing wage and apprenticeship requirements (discussed further in part V of this Background section), the amount of the section 30C credit is multiplied by five. For property that is not subject to depreciation, section 30C(a) allows a 30 percent credit for any property placed in service during the taxable year, with no requirement to satisfy any prevailing wage and apprenticeship requirements.

The section 30C credit with respect to any single item of qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year is limited to \$100,000 in the case of depreciable property, and \$1,000 in any other case. Before the IRA's amendments to section 30C became applicable, prior law limited the section 30C credit, on a per location basis, to \$30,000 in the case of depreciable property and to \$1,000 in the case of any other property. Section 13404 of the IRA modified the limitation on the section 30C credit so that it now applies with respect to any single item of qualified alternative fuel vehicle refueling property instead of with respect to all qualified alternative fuel vehicle refueling property at a location.

Under section 30C(e)(1), taxpayers who claim a section 30C credit are required to reduce the basis of any property for which the section 30C credit is allowable by the amount of the credit allowed (without regard to the rules of section 30C(d)). If a taxpayer elects not to claim the credit, then no section 30C credit is allowed, whether under section 30C(a) or section 38, and no basis reduction is required. *See* section 30C(e)(4).

No section 30C credit is allowable for the portion of the cost of any property taken into account under section 179. Section 30C(e)(3).

III. Qualified Alternative Fuel Vehicle Refueling Property

A. In General

Section 30C(c) defines “qualified alternative fuel vehicle refueling property” by reference to section 179A

of the Code, with some modifications. (Section 30C(e)(6) clarifies that for purposes of section 30C, any references to “section 179A” are to section 179A as in effect immediately before its repeal by section 221(a)(34)(A) of the Tax Increase Prevention Act of 2014, enacted as Division A of Public Law 113–295, 128 Stat. 4010, 4042 (December 19, 2014), which is referred to as “former section 179A” in this preamble.) Following the definition in former section 179A, therefore, qualified alternative fuel vehicle refueling property generally includes any depreciable property (not including a building and its structural components), the original use of which begins with the taxpayer, and that is (1) for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered into the fuel tank of the motor vehicle, or (2) for the recharging of motor vehicles propelled by electricity, but only if the property is located at the point where the motor vehicles are recharged. *See* former section 179A(d). Notwithstanding former section 179A's general requirement that the property be depreciable, section 30C allows a taxpayer to claim a credit for qualified alternative fuel vehicle refueling property that is not depreciable property, provided that the property is installed at the taxpayer's principal residence (within the meaning of section 121 of the Code). *See* section 30C(c)(1)(A) and former section 179A(d)(1).

For purposes of section 30C, “clean-burning fuels” includes only (1) any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen; (2) any mixture that consists of two or more of the following: biodiesel (as defined in section 40A(d)(1) of the Code), diesel fuel (as defined in section 4083(a)(3) of the Code), or kerosene, and at least 20 percent of the volume of which consists of biodiesel determined without regard to any kerosene in such mixture; (3) electricity; or (4) any transportation fuel (as defined in section 45Z(d)(5) of the Code) that is produced after December 31, 2024.

Section 30C does not provide a general definition of “motor vehicle.” However, former section 179A(e)(2) defined motor vehicle to mean any vehicle that is manufactured primarily for use on public streets, roads, and highways (not including a vehicle

operated exclusively on a rail or by rails) and that has at least four wheels. Further, section 30C(f) explicitly allows the credit for depreciable property to recharge two- and three-wheeled motor vehicles manufactured primarily for use on public streets, roads, or highways that are propelled by electricity. Section 30C(f)(1)(A) requires that the depreciable property “meets the requirements of subsection (a)(2),” but there is no subsection (a)(2) in the statute.

Section 30C(c)(2) provides that qualified alternative fuel vehicle refueling property does not exclude otherwise eligible property that both is capable of charging the battery of a motor vehicle propelled by electricity and also allows discharging electricity from such battery to an electric load external to the motor vehicle.

B. Eligible Census Tracts

Section 30C, as amended by the IRA, requires that property be placed in service in an eligible census tract in order to qualify for the credit. An eligible census tract is any population census tract that either is a low-income community under section 45D(e) of the Code or is not an urban area (non-urban area). *See* section 30C(c)(3)(B). The Census Bureau defines a “population census tract” as a small-area geographic division of a county or statistically equivalent entity defined for the tabulation and presentation of data from the decennial census and selected other statistical programs. Population census tracts are comprised of “census blocks,” and a census block is the smallest geographic area for which the Census Bureau collects and tabulates decennial census data. The Census Bureau assigns to each population census tract, including census tracts in U.S. territories, a unique 11-digit census tract Geographic Identifier (GEOID). Each 11-digit census tract GEOID is comprised of a 2-digit state GEOID, 3-digit county GEOID, and 6-digit census tract GEOID.

1. Low-Income Community Census Tracts

Section 30C(c)(3)(B)(i)(I) includes as an eligible census tract any population census tract that is described in section 45D(e), which defines the term “low-income community” for purposes of the new markets tax credit (NMTTC). As a general rule, section 45D(e)(1) defines a low-income community as any population census tract for which the poverty rate is at least 20 percent. The statute also provides more specific ways that a tract can constitute a low-income community. Section 45D(e)(1) provides that a tract not located within a

metropolitan area constitutes a low-income community if the median family income for such tract does not exceed 80 percent of statewide median family income. Similarly, a tract located within a metropolitan area is a low-income community if the median family income for such tract does not exceed 80 percent of the greater of the statewide median family income or the metropolitan area's median family income. Section 45D(e)(2) provides that certain targeted populations (within the meaning of section 103(20) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702(20)) may be treated as low-income communities. Section 45D(e)(3) describes the appropriate areas not within population census tracts that are used to determine poverty rates and median family income. Section 45D(e)(4) describes certain population census tracts with a population of less than 2,000 that are treated as a low-income community for purposes of the NMTC. Finally, section 45D(e)(5) describes population census tracts located within a high migration rural county.

Following the guidelines in section 45D(e), the Community Development Financial Institutions Fund (CDFI Fund) designates population census tracts as low-income communities for purposes of the NMTC. The CDFI Fund determines these population census tracts based in part on American Community Survey (ACS) 5-year estimates, which are published by the Census Bureau. The CDFI Fund updates its NMTC determination of "low-income community" census tracts approximately every five years based on the updated ACS 5-year estimates. The last update occurred on September 1, 2023, when the NMTC low-income community census tracts were updated to be based on the 2016–2020 ACS 5-year estimates (2016–2020 NMTC tracts), which use the 2020 delineation of census tract boundaries (2020 census tract boundaries). Prior to September 1, 2023, the NMTC low-income community census tracts were based on 2011–2015 ACS 5-year estimates (2011–2015 NMTC tracts), which use the 2015 delineation of census tract boundaries (2015 census tract boundaries). The next update is expected to occur in 2028.

When there is an update, the CDFI Fund provides a one-year transition period during which taxpayers may look to either of the 5-year census tracts. Therefore, between September 1, 2023, and August 31, 2024, taxpayers can look to either the 2011–2015 NMTC or the 2016–2020 NMTC tracts to determine which population census tracts are low-

income communities for the NMTC (and, by extension for section 30C purposes). On or after September 1, 2024, taxpayers must look to the 2016–2020 NMTC tracts to determine which population census tracts are low-income communities for the NMTC.

2. Non-Urban Area

Pursuant to section 30C(c)(3)(B)(i)(II), an eligible census tract includes a non-urban area. Section 30C(c)(3)(B)(ii), defines "urban area" as a population census tract that has been designated as an urban area by the Secretary of Commerce in the most recent decennial census. However, as of the 2020 Census (that is, the most recent decennial census as of the publication of this document), the Census Bureau defines urban areas on the basis of census blocks and not on the basis of population census tracts. The Census Bureau determines urban areas based on how densely developed a territory is, and to what extent the territory encompasses residential, commercial, and other non-residential urban land uses. The Census Bureau delineates urban areas after each decennial census.

3. Census Tracts in U.S. Territories

Section 30C(e)(3) provides generally that property used outside the United States does not qualify for the section 30C credit by excluding property referred to in section 50(b)(1) of the Code, which provides generally that property used predominantly outside the United States does not qualify for a credit to which section 50 applies. However, section 50(b)(1)(B) provides an exception for certain categories of property described in section 168(g)(4) of the Code. Section 168(g)(4) describes, among other things, property owned by a domestic corporation or by a United States citizen (other than a citizen entitled to the benefits of section 931 or section 933) and that is used predominantly in a territory (also referred to as a possession) of the United States by such a corporation or such a citizen, or by a corporation created or organized in, or under the law of, a territory of the United States. Accordingly, because section 30C(e)(3), by reason of sections 50(b)(1)(B) and 168(g)(4), would allow for qualified alternative fuel vehicle refueling property to be used by certain taxpayers predominantly in a territory of the United States, eligible census tracts include low-income community census tracts and non-urban census tracts located in a territory of the United States.

IV. Property Used by a Tax-Exempt or Government Entity

Section 30C(e)(2) provides that in the case of any qualified alternative fuel vehicle refueling property the use of which is described in section 50(b)(3) (generally, use by tax-exempt organizations) or (b)(4) (generally, use by the United States or a government entity or foreign persons or entities) and that is not subject to a lease, the person who sold such property to the person or entity using such property is treated as the taxpayer that placed such property in service, but only if the seller clearly discloses to the tax-exempt or government entity in a document the amount of any credit allowable under section 30C(a) with respect to such property (determined without regard to section 30C(d) (treating the credit as a credit listed in section 38(b) or as a personal credit)). For purposes of section 30C(d), property to which section 30C(e)(2) applies is treated as of a character subject to an allowance for depreciation.

V. Prevailing Wage and Registered Apprenticeship Requirements

The IRA amended several sections of the Code, including section 30C, to provide increased credit amounts for taxpayers who satisfy certain requirements, including an increased credit amount for satisfying prevailing wage and registered apprenticeship (PWA) requirements. This same increased credit amount is available under certain sections of the Code, including section 30C, if beginning of construction occurs before January 29, 2023 (BOC Exception).¹

For properties placed in service after December 31, 2022, the section 30C credit is equal to 6 percent for depreciable property. If a taxpayer satisfies the PWA requirements in section 30C(g)(2) and (3) or meets the BOC Exception with respect to a qualified alternative fuel vehicle refueling project, then the credit determined under section 30C(a) for any qualified alternative fuel vehicle refueling property that is depreciable property and that is part of such project is multiplied by five. For purposes of the PWA requirements, section

¹ On November 30, 2022, the Treasury Department and the IRS published Notice 2022–61 in the *Federal Register* (87 FR 73580, corrected in 87 FR 75141 (Dec. 7, 2022)), providing guidance with respect to the PWA requirements in section 45(b)(7) and (8), including initial guidance for determining the beginning of construction under section 45 and other credits and the beginning of installation under section 179D. The final PWA regulations published in the *Federal Register* (89 FR 53184) (part III of the Background section) provide further detail on the BOC Exception.

30C(g)(1)(B) defines a “qualified alternative fuel vehicle refueling project” as a project consisting of one or more properties that are part of a single project. Section 30C(g)(2)(A) requires the taxpayer to ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in the construction of any qualified alternative fuel vehicle refueling property that is part of a qualified alternative fuel vehicle refueling project are paid wages at rates not less than prevailing rates. Under section 30C(g)(3), rules similar to the rules in section 45(b)(8) apply regarding the apprenticeship requirements.

On June 25, 2024, the Treasury Department and the IRS published final regulations in the **Federal Register** (89 FR 53184) that govern the increased credit or deduction amount available for taxpayers satisfying the PWA requirements that the IRA established with respect to several credits, including the section 30C credit (final PWA regulations). Specifically for the section 30C credit, the final PWA regulations provided clarifications to the applicable scope of the PWA requirements.

VI. Coordination With Sections 6417 and 6418

Section 6417 allows an applicable entity (as defined in section 6417(d)(1)(A), generally including tax-exempt and government entities, Indian Tribal governments, and Alaska Native Corporations, among others) to make an election to be treated as making a payment against the tax imposed by subtitle A of the Code for the taxable year with respect to which an applicable credit (as defined in section 6417(b)) was determined equal to the amount of the applicable credit. Section 6417(b)(1) includes the amount of a section 30C credit, to the extent treated under section 30C(d)(1) as a general business credit under section 38, as an applicable credit.

Section 6418 permits an eligible taxpayer (defined in section 6418(f)(2) as a taxpayer not described in section 6417(d)(1)(A)) to make an election to transfer all or a portion of an eligible credit (defined in section 6418(f)(1)), determined with respect to such taxpayer for any taxable year to an unrelated taxpayer (within the meaning of section 267(b) or 707(b)(1)). Section 6418(f)(1)(A)(i) includes the amount of a section 30C credit, to the extent treated under section 30C(d)(1) as a general business credit under section 38, as an eligible credit.

VII. Prior Guidance, Request for Comments, and Other Documents Relating to the Alternative Fuel Vehicle Refueling Property Credit

A. Notice 2007–43

On May 29, 2007, the Treasury Department and the IRS published Notice 2007–43, 2007–22 I.R.B. 1318, which provided interim guidance on the then-recently enacted section 30C. This notice provided specific guidance relating to the computation of the section 30C credit and the treatment for purposes of the credit of converted and dual-use refueling property.

B. Notice 2022–56

On November 21, 2022, the Treasury Department and the IRS published Notice 2022–56, 2022–47 I.R.B. 480. This notice requested general comments on issues arising under section 30C, as amended by the IRA, as well as specific comments concerning: (1) depreciable property; (2) the definition of a “single item”; (3) bidirectional charging equipment; (4) eligible census tracts; (5) recapture; and (6) miscellaneous topics. The Treasury Department and the IRS received 135 comments from industry participants, environmental groups, individual consumers, and other stakeholders. The Treasury Department and the IRS appreciate the commenters’ interest and engagement on these issues. These comments have been considered carefully in the preparation of these proposed regulations.

C. Notice 2024–20

On February 12, 2024, the Treasury Department and the IRS published Notice 2024–20, 2024–7 I.R.B. 668, to provide guidance on eligible census tracts for the section 30C credit and to announce the intent to propose regulations for the credit. This notice describes relevant census concepts, provides background and definitions for low-income communities and non-urban census tracts, and explains the census tract boundaries that apply for the relevant census tract determinations. The notice also provides taxpayers with a list of eligible census tracts in advance of the 2023 filing season and explains how taxpayers can identify the 11-digit census tract identifier for a location where a property is placed in service.

Explanation of Provisions

I. 30C Property, Recharging Property, Refueling Property

Proposed § 1.30C–1(a) would provide a general overview of the proposed section 30C regulations. Proposed § 1.30C–1(b) would provide definitions

that would apply for purposes of section 30C and the 30C regulations.

The proposed regulations use the term “30C property” to describe property that is eligible for the section 30C credit. As proposed, the term 30C property would generally be synonymous with the statutory phrase “qualified alternative fuel vehicle refueling property.” Proposed § 1.30C–1(b)(1) would define 30C property to include any property (other than real property and a building and its structural components) that is comprised of components that are functionally interdependent for “refueling property” or “recharging property” and, if applicable, an integral part of the refueling property or recharging property. For purposes of the proposed regulations, refueling property would mean property for the storage and dispensing of a qualified alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered into the fuel tank of the motor vehicle. Proposed § 1.30C–1(b)(1)(i)(A); *see also* proposed § 1.30C–1(b)(16)(i). Similarly, “recharging property” would mean property for the recharging of a motor vehicle propelled by electricity, but only if the property is located at the point where the motor vehicle is recharged. Proposed § 1.30C–1(b)(1)(i)(B); *see also* proposed § 1.30C–1(b)(16)(ii).

Proposed § 1.30C–1(b)(14) would provide that components are “functionally interdependent” if the placing in service of each component is dependent upon the placing in service of each of the other components in order to refuel or recharge a motor vehicle. Proposed § 1.30C–1(b)(15) would further provide that property is an “integral part” of a refueling or recharging property if it is used directly in the intended function of the refueling property or recharging property and is essential to the completeness of this intended function, meets all of the requirements for 30C property described in proposed § 1.30C–1(b)(1)(iii), is owned by the taxpayer that owns the refueling property or recharging property, and is specifically designed to be integrated with the refueling property or recharging property with which it is associated.

Proposed § 1.30C–1(b)(1)(iii) would provide a list of additional requirements that any eligible property must meet to be 30C property. First, the property must either be of a character subject to an allowance for depreciation or installed on property that is used as the principal residence of the taxpayer (within the meaning of section 121).

Second, the property's original use must begin with the taxpayer. Proposed § 1.30C-1(b)(18) would provide that "original use" has the same meaning as in § 1.48-2(b)(7). Finally, the property must be placed in service in an eligible census tract (see discussion of eligible census tracts in part II.E of this Explanation of Provisions section).

II. General Rules

A. Amount of Credit

Proposed § 1.30C-2(a)(1) would provide that section 30C(a) allows a taxpayer to claim as a credit against the tax imposed by chapter 1 an amount equal to a percentage of the cost of any 30C property placed in service by the taxpayer during the taxable year, subject to certain dollar-amount limitations described in section 30C(b) and proposed § 1.30C-2(a)(4).

Consistent with section 30C(a), proposed § 1.30C-2(a)(2)(i) would provide that in the case of depreciable property, section 30C(a) allows as a credit against tax an amount equal to 6 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year. Under proposed § 1.30C-2(a)(2)(ii), the section 30C credit for the cost of any 30C property placed in service as part of a project that meets the PWA requirements is multiplied by 5. Property placed in service by certain tax-exempt organizations and governmental units described in section 50(b)(3) and (4) of the Code is treated as property of a character subject to an allowance for depreciation for purposes of calculating the section 30C credit. See sections 30C(e)(2) and 6417(d)(2) and § 1.6417-2(c). Proposed § 1.30C-2(a)(2)(iii) would provide that in the case of property of a character not subject to an allowance for depreciation, section 30C(a) allows as a credit against tax an amount equal 30 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year provided that such property is installed on property that is used as the taxpayer's principal residence (within the meaning of section 121). Consistent with section 30C(b), proposed § 1.30C-2(a)(4) would limit the section 30C credit with respect to any single item of 30C property placed in service by the taxpayer during the taxable year to \$100,000 for depreciable property and \$1,000 for non-depreciable property.

If the business use of the property is 50 percent or less, proposed § 1.30C-2(a)(3) would provide rules for apportioning the section 30C credit between business use and personal use. If the business use is more than 50

percent, then the section 30C credit would be treated under the proposed regulations only as a general business credit under section 30C(d)(1) (and subject to the \$100,000 limitation). If the business use of the 30C property is 50 percent or less, then the property would be considered "apportioned-use property" under the proposed regulations and the taxpayer's section 30C credit for that taxable year for that 30C property would be apportioned in accordance with the taxpayer's use of the property between the general business credit under section 30C(d)(1) and the personal credit allowed under section 30C(a) pursuant to section 30C(d)(2). To be within these apportionment rules, the proposed regulations would provide that the 30C property must be installed at the taxpayer's personal residence to qualify for the personal credit, but also be used for business use. For example, these proposed rules would apply to a taxpayer who operates a delivery service and installs an electric vehicle charger at her personal residence, which she uses to charge both her personal vehicle and her delivery vehicle.

If 30C property is apportioned-use property, proposed § 1.30C-2(a)(4)(ii) would provide that the dollar-amount limitation must be apportioned in the same manner as the taxpayer's credit under section 30C. For example, in the case of 30C property the business use of which is 40 percent of a taxpayer's total use of the property for the taxable year in which the property is placed in service, the portion treated as a general business credit under section 30C(d)(1) cannot exceed \$40,000 (\$100,000 multiplied by 40 percent), and the portion treated as a section 30C credit allowed under section 30C(a) cannot exceed \$600 (\$1,000 multiplied by 60 percent).

B. Single Item of Property and Calculating the Section 30C Credit

As discussed in part II of the Background section of this preamble, one major change that the IRA made to section 30C was to allow the credit per single item of property, rather than per location. Thus, proposed § 1.30C-2(b)(1) would provide that taxpayers may claim a section 30C credit if they place in service at least one single item of 30C property during the taxable year.

Section 30C does not define "single item of property." In Notice 2022-56, the Treasury Department and the IRS asked for comments on how to define a "single item of property." Many commenters suggested that, for purposes of electric vehicle chargers, a "single item" should be defined as each

charging port and that the item also should include functionally interdependent property as well as other property that commenters deemed necessary for the installation and use of the charger. The proposed regulations largely adopt these comments.

1. Definition of Single Item of 30C Property

For purposes of calculating the section 30C credit, proposed § 1.30C-2(b)(1) would define a single item of 30C property as each charging port for recharging property, each fuel dispenser for refueling property, or each qualified alternative fuel storage property or electrical energy storage property.

For purposes of the proposed regulations, a charging port would mean the system within a charger that charges one motor vehicle. Under proposed § 1.30C-1(b)(6), a charging port may have multiple connectors, but it can provide power at its rated electrical output to charge only one motor vehicle through one connector at a time. Some chargers may have more than one port, in which case proposed § 1.30C-2(b)(2)(ii) would provide that the cost of the charger would need to be allocated among the number of ports for purposes of determining the credit. The Treasury Department and the IRS agree with the commenters that allowing the credit based on the number of motor vehicles that could be charged simultaneously at the port's rated electrical output is appropriate based on the IRA amendments to section 30C to provide a credit limit per single item of property, rather than a broader term such as per charging property or per location, and consistent with one purpose of the IRA to expand incentives for taxpayers to transition to clean vehicles.

The proposed regulations would define a fuel dispenser as the unit through which fuel is dispensed into the fuel tank of a motor vehicle if such unit is capable of fueling at or above the dispenser's minimum rate of fueling and has at least one hose and nozzle. Proposed § 1.30C-1(b)(12) would provide that a dispenser may optionally include a meter, valve, controller, and enclosure. These proposed regulations would use these definitions of "fuel dispenser" for refueling property and "charging port" for recharging property with the goal to similarly situate the accounting of credits among the eligible alternative fuels with consideration of their refueling technologies and station designs.

Proposed § 1.30C-1(b)(25) would define two types of storage property: qualified alternative fuel storage

property and electrical energy storage property. Under proposed § 1.30C–1(b)(25)(ii), “qualified alternative fuel storage property” would mean property used for the storage of such qualified alternative fuel. Under proposed § 1.30C–1(b)(20), qualified alternative fuel would generally refer to all clean-burning fuels (as defined in proposed § 1.30C–1(b)(7)) except electricity. Proposed § 1.30C–1(b)(25)(iii) would define “electrical energy storage property” to mean property that receives, stores, and delivers energy for conversion to electricity. Under proposed § 1.30C–1(b)(25), both types of storage property would be required to be located at the point where the motor vehicle is refueled or recharged. Proposed § 1.30C–1(b)(16) would provide that this requirement is generally satisfied if the storage property is located at the same or an immediately adjacent physical address as the location where the fuel is delivered into the fuel tank of the motor vehicle or where the motor vehicle is recharged.

Former section 179A(d)(3)(A), adopted by reference into section 30C(c), uses the language “for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel” in its definition of qualified clean-fuel vehicle refueling property, indicating that clean-burning fuel storage property is a separate item of qualified clean-fuel vehicle refueling property. Former section 179A(d)(3)(B) uses the language “for the recharging of motor vehicles propelled by electricity” as a separate prong of this same definition, indicating that electrical energy storage property is not a separate item of qualified clean-fuel vehicle refueling property. However, former section 179A(e)(1) includes electricity within the definition of clean-burning fuels, such that electric vehicle refueling property could be eligible property under either former section 179A(d)(3)(A) (where storage is specifically mentioned) or (B) (where storage is not specifically mentioned). These proposed regulations would provide that the cost of electrical energy storage property that is used for charging motor vehicles is creditable as a separate item of property under section 30C. Electrical energy storage can be used for electric vehicle charging to smooth costs and to minimize the impact on the electrical grid by taking the energy from the grid during non-peak hours when energy is cheaper and storing the energy for use during higher cost peak hours. Thus, electrical energy storage can be a critical part of electric

vehicle recharging infrastructure. Further, treating all types of storage as a separate item of property is consistent with the language of former section 179A(d). Finally, allowing electrical energy storage property as a separate item of property treats storage property consistently across various types of clean-burning fuel.

These proposed regulations would also modify proposed §§ 1.48–9 and 1.48E–2 to provide that energy storage technology does not include energy storage property for which the taxpayer claims a credit under section 30C. Energy storage technology may be eligible for an investment credit under sections 48 and 48E, subject to certain limitations. However, sections 48 and 48E exclude from the definition of energy storage technology property primarily used in the transportation of goods or individuals and not for the production of electricity. *See* sections 48(c)(6)(A) and 48E(c)(2). The section 48 proposed regulations did not propose a rule interpreting this exclusion but requested comments on its scope.² Commenters to the section 48 proposed regulations requested that batteries and other energy storage technology that may be used to charge or recharge electric vehicles be eligible for the section 48 credit because it may be more valuable than the section 30C credit in certain cases; however, commenters did not request that the same property be eligible for both sections 48 and 30C. The Treasury Department and the IRS agree that Congress did not intend to allow multiple credits for investments in the same energy storage property associated with vehicle recharging or refueling, as evidenced by the sections 48 and 48E exclusion for property primarily used in the transportation of goods or individuals and not for the production of electricity. Property for which a section 30C credit is claimed is property primarily used in the transportation of goods or individuals and not for the production of electricity, because the section 30C credit is limited to property “for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel” or “for the recharging of motor vehicles propelled by electricity.” *See* sections 30C(c)(1) and 179A(d)(3). Accordingly, the proposed regulations would clarify that energy storage property for which a section 30C credit is claimed is property

primarily used in the transportation of goods or individuals and not for the production of electricity, and, therefore, is not energy storage technology for purposes of sections 48 and 48E. However, energy storage property for which a section 30C credit is not claimed, could be credit-eligible energy storage technology under sections 48 and 48E if it meets the requirements under those provisions.

2. Associated Property and Calculating the Credit

Under proposed § 1.30C–2(b)(1), the amount of the section 30C credit would include the cost of functionally interdependent property and, if applicable, any property that is an integral part of refueling or recharging property that is part of the 30C property placed in service by the taxpayer during the year (associated property). These costs would be included in the section 30C credit for a single item to the extent that they are directly attributable and traceable to that particular single item of 30C property. The cost of associated property that is directly attributable and traceable to more than one item of 30C property would be allocated among the relevant items based on the cost of each single item of 30C property. In no case would the total cost of the associated property divided among different items of 30C property exceed 100 percent of the cost of the associated property.

Proposed § 1.30C–2(b)(3) would provide that the section 30C credit is the lesser of the “tentative section 30C credit,” or the \$100,000 or \$1,000 limit (as appropriate). The tentative section 30C credit for each single item of 30C property would be the sum of the cost of the single item of 30C property, the cost of any associated property directly attributable and traceable to the single item of 30C property, and the cost of a ratable share of allocated associated property, multiplied by the applicable credit rate (6 percent or 30 percent).

C. Bidirectional Charging Equipment

Notice 2022–56 requested comments on the factors and definitions that should be considered in developing guidance for bidirectional charging equipment (that is, property that is capable of charging the battery of an electric vehicle and also allows the discharging of electricity from such battery to an electric load external to such motor vehicle). *See* section 30C(c)(2). Many of the comments suggested that the regulations provide that all costs, including any costs for bidirectional equipment contained within the motor vehicle (onboard equipment) be creditable.

² On November 22, 2023, the Treasury Department and the IRS published in the *Federal Register* (88 FR 82188) the proposed rule “Definition of Energy Property and Rules Applicable to the Energy Credit” under section 48 (section 48 proposed regulations).

The IRA amendments clarify that a charger that otherwise meets the requirements of 30C property is not excluded simply because the charger also allows discharging of electricity from the motor vehicle's battery, but the IRA amendments do not expand the section 30C credit in the manner suggested by commenters. In particular, section 30C(c)(2) uses the language "shall not fail to be treated," suggesting a clarification rather than a significant expansion of the credit. In addition, the Code contains separate tax credits for electric vehicles, including credits targeted to the electric vehicle battery. See sections 25E, 30D, and 45W. Thus, proposed § 1.30C-1(b)(16)(ii) would exclude from the definition of recharging property components that are located within a motor vehicle and are necessary for the propulsion of that vehicle, including onboard equipment.

D. Property for the Refueling of Certain Two- and Three-Wheeled Vehicles

Section 30C(f) provides additional special rules for electric charging stations for certain vehicles with two or three wheels. Section 30C(f)(1) provides that the term "qualified alternative fuel vehicle refueling property" includes property described in section 30C(c) for the recharging of a motor vehicle described in section 30C(f)(2), but only if such property meets the requirements of section 30C(a)(2) and is of a character subject to depreciation. However, section 30C(a)(2) does not exist. The Treasury Department and the IRS view this as a clerical error and, as a result, will apply section 30C(f)(1) without giving effect to section 30C(f)(1)(A). Thus, proposed § 1.30C-2(b)(5) would provide that 30C property also includes depreciable property that is for the recharging of a two- or three-wheeled electric vehicle because there are no requirements of section 30C(a)(2) under current law.

E. Eligible Census Tracts

Consistent with section 30C(c)(3)(B), proposed § 1.30C-2(c)(1) would provide that 30C property must be placed in service in an eligible census tract to qualify for the section 30C credit. Eligible census tracts include any population census tract that qualifies as a low-income community census tract or that is a non-urban census tract.

1. Low-Income Census Tracts

Proposed § 1.30C-2(c)(2)(i) would provide that a population census tract is an eligible "low-income community census tract" for purposes of the section 30C credit if the population census tract meets the requirements of the NMTC

under section 45D(e)(1), which requires that the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income. Proposed § 1.30C-2(c)(2)(ii) would provide that census tracts located within a high migration rural county, as defined under section 45D(e)(5), are low-income community census tracts if the median family income for the tract does not exceed 85 percent of statewide median family income.

Based on the ACS 5-year low-income community data, census tracts as described under section 45D(e)(1) can be identified and they are published by the CDFI Fund. Additionally, the CDFI Fund has published, beginning with the 2016-2020 NMTC tracts, the census tracts that qualify as low-income census tracts because the census tracts are located in high migration rural counties as described under section 45D(e)(5). However, after consultation with the CDFI Fund, the Treasury Department and the IRS cannot identify with verifiable accuracy the population census tracts that currently meet the requirements of section 45D(e)(2) and (4). Accordingly, the Treasury Department and the IRS request comments on whether and how the population census tracts named under section 45D(e)(2) and (4) could be identified accurately to qualify as eligible census tracts for the credit under 30C. The areas described in section 45D(e)(3) are not population census tracts as required by section 30C(c)(3)(B)(i), and therefore do not qualify as eligible census tracts for purposes of the section 30C credit.

2. Non-Urban Area

Proposed § 1.30C-2(c)(3) would provide that "non-urban census tract" means any population census tract in which at least 10 percent of the census blocks are not designated as urban areas. As the Secretary of Commerce and Census Bureau no longer identify census tracts as urban or non-urban, the Treasury Department, in consultation with the Census Bureau, determined a percentage of census blocks within a census tract to determine if a census tract is not an urban area under section 30C(c)(3)(B)(ii). The Treasury Department and IRS received comments on this issue in response to Notice

2022-56. The threshold of 10 percent of census blocks being not an urban area to determine if a census tract is a non-urban area census tract is within the range of percentages suggested by commenters.

3. Determination of Eligible Census Tracts

Proposed § 1.30C-2(c)(4) would provide that the IRS will periodically publish lists of specific census tracts that are low-income census tracts or non-urban census tracts along with instructions on how taxpayers may determine their census tract identifying numbers. Census tract data and boundaries are expected to be updated prior to January 1, 2033, when the section 30C credit is planned to expire. When census tract data changes, the IRS will publish updated lists of the eligible census tracts that qualify as low-income communities or non-urban areas, and the 11-digit census tract GEOIDs associated with each census tract based on the applicable census data.

4. Request for Comments

There is a variety of equipment available to recharge electric vehicles. Some are installed at a fixed location (that is, stationary) and may be mounted upon concrete pads or installed as fixtures on the walls of buildings. Some recharging equipment are mobile; however, the degree to which such equipment are mobile varies greatly depending on their use and purpose. Mobile chargers may be transported to allow for the dispensing of electricity closer to where a vehicle is parked, in contrast to having to drive a vehicle to stationary equipment. Mobile chargers may be physically connected to a source of electricity at a physical address or, conversely, receive electricity from a battery that is temporarily separated from a physical address.

The requirement under section 30C(c)(3) that property must be placed in service in an eligible census tract to qualify for the section 30C credit suggests that the property must also be used in the eligible census tract. However, depending on its design and purpose, mobile equipment may not always be used in the eligible census tract in which it was placed in service. The Treasury Department and the IRS request comments on how mobile equipment could satisfy the geographic requirement that 30C property must be placed in service in an eligible census tract, and request comments on any related rules that should be adopted, particularly with respect to any administrative requirements to ensure

only qualifying mobile equipment is credited.

III. Prevailing Wage and Registered Apprenticeship Requirements

The proposed regulations would supplement the final PWA regulations in § 1.30C-3 to further define “qualified alternative fuel vehicle refueling project” (30C project) for purposes of satisfying the PWA requirements. Proposed § 1.30C-3(b)(2) would provide that multiple 30C properties will be treated as a single 30C project if the items of property are constructed and operated on a contiguous piece of land, owned by a single taxpayer (subject to the related party rule), placed in service in a single taxable year, and one or more of the following factors is present: (1) the properties are described in one or more common environmental or other regulatory permits; (2) the properties are constructed pursuant to a single master construction contract; or (3) the construction of the properties is financed pursuant to the same loan agreement. Under the related party rule in proposed § 1.30C-3(b)(3), related taxpayers are treated as one taxpayer in determining whether multiple items of 30C property are treated as a single project. For these purposes, related taxpayers are treated as a single taxpayer if they are members of a group of trades or businesses that are under common control (as defined in § 1.52-1(b)). Proposed § 1.30C-3(b)(3).

The proposed regulations would limit a 30C project to encompass only the items of property that are placed in service within the same year because 30C is an annual credit. This approach is consistent with the fact that the section 30C credit is available only in the year the property is placed in service, even if costs related to the property are incurred in earlier years.

Additionally, the proposed regulations would clarify that if a seller of 30C property, the use of which is described in section 50(b)(3) or (4) (generally tax-exempt entities, government entities, and foreign persons and entities), is treated as the taxpayer that placed such property in service under section 30C(e)(2), the seller is the taxpayer required to comply with the PWA recordkeeping requirements. Proposed § 1.30C-3(c). See part IV.B of this Explanation of Provisions for additional discussion of cases in which a seller may be treated as the taxpayer that placed 30C property in service under section 30C(e)(2). This clarification is consistent with § 1.45-12, which provides that a taxpayer claiming or transferring (under section 6418) an increased credit must maintain

and preserve records sufficient to establish compliance with the statutory requirements. Further, unlike a transferee under section 6418, a person who sells 30C property, the use of which is described in section 50(b)(3) or (4), would generally have access to, and control over, the relevant records.

The proposed regulations would also conform the terminology used in the final PWA regulations in § 1.30C-3(a) and (b) to the terminology used in these proposed regulations. The proposed regulations do not modify any of the rules in the final PWA regulations other than proposed § 1.30C-3, and the Treasury Department and the IRS are not reopening the comment period on the final PWA regulations generally.

IV. Special Rules

A. Recapture

Section 30C(e)(5) provides that recapture rules similar to the rules of former section 179A(e)(4) apply; however, former section 179A(e)(4) merely granted authority to provide recapture rules, stating, “The Secretary shall, by regulations, provide for recapturing the benefit of any deduction allowable under subsection (a) with respect to any property which ceases to be property eligible for such deduction.” Accordingly, as noted previously in the Authority section, the Treasury Department and the IRS understand section 30C(e)(5) to be a delegation of authority to the Secretary, by cross-reference to former section 179A(e)(4), to provide recapture rules under section 30C.

The Secretary exercised the authority under former section 179A(e)(4) in issuing former § 1.179A-1 (removed by TD 9849 on March 11, 2019). Proposed § 1.30C-4(b) uses the rules of former § 1.179A-1 as a starting point (in particular, what constitutes a recapture event), with appropriate modifications (for example, to account for apportioned use property and property used by tax-exempt or government entities, neither of which were at issue in former section 179A or the regulations thereunder). In general, proposed § 1.30C-4(b) would require taxpayers to recapture the benefit of any section 30C credit allowed with respect to any property that ceases to be property eligible for such credit. If a recapture event occurs with respect to a taxpayer’s 30C property, then the taxpayer must include the recapture amount in taxable income for the taxable year in which the recapture event occurs. Proposed § 1.30C-4(b)(1).

Proposed § 1.30C-4(b)(2) would provide that a recapture event generally

occurs if, within three years of the property being placed in service: (1) the taxpayer claiming the section 30C credit modifies the property such that the property no longer qualifies as 30C property; (2) unless the property is subject to section 6417(d)(2)(B), a depreciable property ceases to be used predominantly in a trade or business (meaning that 50 percent or more of the use of the property in a taxable year is for use other than in a trade or business); (3) if the property is apportioned-use property, the property completely ceases to be used in a trade or business, but continues to be used for personal use; or (4) the taxpayer sells or disposes of the 30C property and the taxpayer knows or has reason to know that the property will cease to qualify as 30C property for one of the reasons listed in (1) or (2) of this paragraph. Except as provided in (4), a sale or other disposition (including a disposition by reason of an accident or other casualty) of 30C property is not a recapture event. Proposed § 1.30C-4(b)(3) would clarify that property is not subject to the recapture provisions solely because it is placed in service in a location that subsequently ceases to be in a qualified census tract. Thus, a change in the identification of eligible census tracts alone would not require a taxpayer to recapture the section 30C credit.

Proposed § 1.30C-4(b) would also provide a formula for determining the amount of the recapture and adjustments to basis following a recapture event.

The Treasury Department and the IRS request comments on how the recapture rules should apply where the person who sells 30C property to a tax-exempt or government entity is treated as the taxpayer placing the 30C property in service, including any notifications that should be required.

B. Property Used by a Tax-Exempt or Government Entity

Section 30C(e)(2) allows a person who sells 30C property that is used in a manner described in section 50(b)(3) or (4) (generally property used by tax-exempt organizations, government entities, or foreign persons or entities), to be eligible for the section 30C credit, but only if the seller clearly discloses in a document the amount of any such credit allowable. Use of this rule typically results in a lower upfront cost to a tax-exempt or government entity for the 30C property, while allowing the seller to claim the section 30C credit.

Section 6417, added by the IRA, provides a benefit to applicable entities (defined in section 6417(d)(1)(A) and § 1.6417-1(c)), which include certain

tax-exempt and government entities that are described in section 50(b)(3) or (4). Section 6417 allows applicable entities to make an election to be treated as making a payment of tax in the amount of certain applicable credits, including the section 30C credit, which results in a refund equal to the amount of the applicable credits if such entity has no other tax liability. Section 6417(d)(2)(A) requires an entity making an election to determine an applicable credit without regard to section 50(b)(3) or (b)(4)(A)(i), effectively turning those sections off for purposes of calculating an applicable credit. Although section 30C refers to section 50(b)(3) and (4) in section 30C(e)(2) to describe property used in a certain manner by certain persons, the section 30C credit is always determined without regard to section 50.³ However, for 30C property used by tax-exempt and government entities (that is, property the use of which is described in section 50(b)(3) or (4)), these proposed regulations would treat such 30C property as not being used in a manner described in section 50(b)(3) or (4) if the tax-exempt or government entity makes an elective payment election under section 6417.

Congress appears to have provided tax-exempt and government entities the ability to choose whether a reduced purchase price that may result under section 30C(e)(2) or an elective payment election under section 6417 is more beneficial. To facilitate that choice, and consistent with section 6417(d)(2)(A), proposed § 1.30C-4(c)(2) would treat the use of 30C property by a tax-exempt or government entity as not being described in section 50(b)(3) or (4), and therefore not available for the seller to be treated as the taxpayer placing the 30C property in service, if such entity notifies the seller in writing of its intent to make the section 6417 election.

The section 30C credit is only allowed once per 30C property. Thus, if the tax-exempt or government entity notifies the seller of its intent to make an elective payment election pursuant to section 6417(a) with respect to the section 30C credit, the seller cannot claim any credit allowable under section 30C(a) with respect to such property.

The Treasury Department and the IRS request comments on whether this approach is practical for entities described in section 50(b)(3) and (b)(4)(A)(i) and for those who sell them 30C property. The Treasury Department

and the IRS also request comments on the notification process described above, including the timing of such notifications and whether transition rules may be necessary for projects for which contracts have already been signed.

C. Dual-Use Property

Notice 2007-43 provided rules for the application of the section 30C credit to dual-use property, generally meaning property that is used for a creditable purpose and a non-creditable purpose. The proposed regulations would generally incorporate the dual-use rules from the notice, with some modifications to account for subsequent amendments to section 30C (such as the inclusion of transportation fuel as defined in section 45Z(d)(5)).

Proposed § 1.30C-4(d) would provide separate rules for (1) dual-use property that is used for dispensing or storing both qualified alternative fuel and conventional fuel, (2) dual-use property that is used to store qualified alternative fuel that is dispensed into the fuel tank of a motor vehicle and to store fuel that is transported to other locations, and (3) dual-use property that is used to store or transmit electricity for recharging a motor vehicle and for other, non-creditable, purposes. In each case, the creditable portion of the cost of such property is limited to the increase in the cost of the dual-use property over the cost of equivalent property used only for the non-creditable use. For example, if a taxpayer owns a fuel tank that is used to store fuel that is used to refuel motor vehicles at the point where the motor vehicles are refueled, but is also used to store fuel that the taxpayer transports to other locations, then the cost of the fuel tank is taken into account only to the extent the cost exceeds the cost of a tank used only to store fuel transported to other locations. The Treasury Department and the IRS are aware that in some cases, this will result in the dual-use property's cost not being creditable under section 30C. However, the Treasury Department and the IRS are of the view that Notice 2007-43 has provided a workable and administrable rule for most of the existence of the section 30C credit to date.

V. Proposed Amendments to Regulations Under Other Code Sections

The proposed regulations would also make minor conforming changes to proposed §§ 1.48-9 and 1.48E-2, as well as to §§ 1.6417-6 and 1.6418-5 to comport with the proposed section 30C regulations.

Effect on Other Documents

Notice 2007-43, 2007-22 I.R.B. 1318, is withdrawn.

Proposed Applicability Dates

Except as otherwise provided, these regulations are proposed to apply to property placed in service in taxable years ending after the date of publication of the Treasury Decision adopting these rules as final rules in the **Federal Register**.

Special Analyses

I. Regulatory Planning and Review

Pursuant to the Memorandum of Agreement, Review of Treasury Regulations under Executive Order 12866 (June 9, 2023), tax regulatory actions issued by the IRS are not subject to the requirements of section 6 of Executive Order 12866, as amended. Therefore, a regulatory impact assessment is not required.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) generally requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. A Federal agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

The collections of information in these proposed regulations contain reporting and recordkeeping requirements. The recordkeeping requirements mentioned within these proposed regulations are considered general tax records under § 1.6001-1(e). These records are required for the IRS to validate that taxpayers have met the regulatory requirements and are entitled to a credit under section 30C. For PRA purposes, general tax records are already approved by OMB under 1545-0047 for tax-exempt organizations and government entities; 1545-0074 for individuals; and under 1545-0123 for business entities.

These proposed regulations mention requirements to claim the credit in § 1.30C-2(e), using Form 8911, *Alternative Fuel Vehicle Refueling Property Credit* (or successor form as the Secretary prescribes). This form is approved under 1545-0047 for tax-exempt organizations and governmental entities; 1545-0074 for individuals; and 1545-0123 for business entities. These proposed regulations are not changing

³ Section 50(b) provides that no credit "shall be determined under this subpart" for certain property. Section 50(b) is in subpart E of part IV of subchapter A of chapter 1. Section 30C is in subpart B of part IV of subchapter A of chapter 1.

or creating new collection requirements not already approved by OMB. These proposed regulations also mention recapture procedures as detailed in § 1.30C-4(b). These recapture procedures are also performed using Form 8911, *Alternative Fuel Vehicle Refueling Property Credit* (or successor form as the Secretary prescribes). This form is approved under 1545-0047 for tax-exempt organizations and governmental entities; 1545-0074 for individuals; and 1545-0123 for business entities. These proposed regulations are not changing or creating new collection requirements not already approved by OMB.

These proposed regulations also include third-party disclosures if a tax-exempt or government entity makes an election under section 6417 to be treated as making a payment against the tax. This third-party disclosure and its associated burden will be included in form and instructions for Form 8911 (or successor form as the Secretary prescribes) and will be submitted to OMB under 1545-0047, 1545-0074, and 1545-0123 in accordance with the PRA procedures under 5 CFR 1320.10.

With respect to the PWA provisions in § 1.30C-3, these requirements are approved under 1545-2315. With respect to the elective pay provisions in § 1.30C-4(c)(2), there is no form associated with this collection, but will be collected in the portal only and is approved under 1545-2310. These proposed regulations are not changing or creating new collection requirements not already approved by OMB.

III. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) (RFA) imposes certain requirements with respect to Federal rules that are subject to the notice and comment requirements of section 553(b) of the Administrative Procedure Act (5 U.S.C. 551 *et seq.*) and that are likely to have a significant economic impact on a substantial number of small entities. Unless an agency determines that a proposal is not likely to have a significant economic impact on a substantial number of small entities, section 603 of the RFA requires the agency to present an initial regulatory flexibility analysis (IRFA) of the proposed rule.

Pursuant to the RFA, the Secretary hereby certifies that these proposed regulations will not have a significant economic impact on a substantial number of small entities within the meaning of section 601(6) of the Regulatory Flexibility Act. Pursuant to section 7805(f), this notice of proposed rulemaking has been submitted to the

Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on their impact on small business.

The RFA directs agencies to provide a description of and, if feasible, an estimate of, the number of small entities that may be affected by the proposed rules, if adopted. Section 30C and these proposed regulations may affect a variety of different entities across multiple industries, including individuals, tax-exempt entities, small businesses, partnerships, and large businesses. Although there is uncertainty as to the exact number of small businesses within this group, the current estimated number of respondents to these proposed rules is 4,000 small business entities, based on a review of filing information since 2019 and extrapolations into the future.

Small business entities to claim the section 30C credit must satisfy reporting requirements that are the same as those faced by individuals accessing the section 30C credit. Taxpayers will continue to file Form 8911, *Alternative Fuel Vehicle Refueling Property Credit* (or successor form as the Secretary prescribes), as was the case for the section 30C credit prior to amendments made by the IRA and prior to the publication of these proposed regulations. The estimated burden for individual and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123.

Although the Treasury Department and IRS estimate that 4,000 small business entities will claim the credit under section 30C in a given year, the proposed regulations will not have a significant economic impact on such entities. The proposed regulations do not impose any additional burden on taxpayers outside of what is provided by the statute. For example, the IRA modified section 30C(c)(3) to require property to be located in eligible census tracts. These proposed regulations provide guidance regarding low-income areas, non-urban areas, and the determination of eligible census tracts, but do not impose any additional requirements beyond what is set forth in the statute that would give rise to significant economic impacts on small business entities. Additionally, these proposed regulations provide rules regarding recapture of the credit, but recapture is provided for in section 30C(e)(5), and these proposed rules merely provide the framework for the statutorily required recapture.

The Treasury Department and IRS have determined that the continued requirement to file a Form 8911,

Alternative Fuel Vehicle Refueling Property Credit (or successor form as the Secretary prescribes), is unlikely to involve significant administrative costs beyond what was previously required.

Accordingly, the Secretary certifies that these proposed regulations will not have a significant economic impact on a substantial number of small entities. The Treasury Department and the IRS request comments that provide data, other evidence, or models that provide insight on this issue.

IV. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. This proposed rule does not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

V. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency (to the extent practicable and permitted by law) from promulgating any regulation that has federalism implications, unless the agency meets the consultation and funding requirements of section 6 of the Executive order, if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law. This proposed rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** heading.

The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at <https://www.regulations.gov> or upon request.

A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written

- (i) Facts.
- (ii) Analysis.
- (A) 30C property.
- (B) Calculation of the credit.
- (15) Example 15.
- (i) Facts.
- (ii) Analysis.
- (f) Claim requirements.
- (g) Applicability date.

§ 1.30C-3 Rules relating to the increased credit amount for prevailing wage and apprenticeship.

- (a) In general.
- (b) 30C project requirements.
- (1) In general.
- (2) Determination of a project.
- (3) Related taxpayers.
- (i) Definition.
- (ii) Related taxpayer rule.
- (c) Coordination with 30C(e)(2) and

§ 1.30C-4(c).

- (d) Examples.
- (1) Example 1.
- (i) Facts.
- (ii) Analysis.
- (2) Example 2.
- (i) Facts.
- (ii) Analysis.
- (e) Applicability date.

§ 1.30C-4 Special rules.

- (a) No credit allowable in certain circumstance.
- (1) Property used outside the United States.
- (2) Property placed in service in a United States territory.
- (3) Section 179.
- (b) Recapture.
- (1) In general.
- (2) Recapture event.
- (3) Property placed in service in a location that ceases to be in a qualified census tract.
- (4) Recapture amount.
- (i) In general.
- (ii) Special rule for apportioned-use property.
- (5) Basis adjustment.
- (c) Property used by a tax-exempt or governmental entity.
- (1) In general.
- (2) Interaction with section 6417.
- (d) Dual-use property.
- (1) Dual use property used for dispensing or storing qualified alternative fuel and conventional fuel.
- (2) Qualified alternative fuel storage.
- (3) Dual use property used to store or transmit electricity for charging a motor vehicle and for other purposes.
- (4) Example.
- (i) Facts.
- (ii) Analysis.
- (e) Applicability date.

§ 1.30C-1 Credit for alternative fuel vehicle refueling property; Definitions.

(a) *In general.* The section 30C regulations (as defined in paragraph (b)(23) of this section) apply for purposes of determining the availability and amount of any credit that is allowed to a taxpayer by section 30C(a) of the Code (as defined in paragraph (b)(24)(ii) of this section) with respect to any 30C property (as defined in paragraph (b)(1)

of this section) placed in service by the taxpayer during the taxable year. Paragraph (b) of this section provides definitions of terms for purposes of applying section 30C and the section 30C regulations. See § 1.30C-2 for general rules for determining the amount of the allowed section 30C credit. See § 1.30C-3 for rules relating to the increased section 30C credit amount for satisfying prevailing wage and apprenticeship requirements. See § 1.30C-4 for special rules.

(b) *Definitions.* The definitions in this section apply for purposes of section 30C and the section 30C regulations.

(1) *30C property.* 30C property is any applicable property described in paragraph (b)(1)(i) or (ii) of this section that also meets the requirements of paragraph (b)(1)(iii) of this section.

(i) *Applicable property.* Applicable property is any property (other than real property and a building and its structural components) that is comprised of components that are functionally interdependent—

(A) For the storage or dispensing of a qualified alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is located at the point where such fuel is delivered into the fuel tank of the motor vehicle (refueling property); or

(B) For the recharging of motor vehicles propelled by electricity, but only if the property is located at the point where the motor vehicles are recharged (recharging property).

(ii) *Property integral to refueling property or recharging property.* If applicable, the term *applicable property* also includes property the purpose of which is described in paragraph (b)(1)(i)(A) or (B) of this section that is an integral part of refueling property or recharging property.

(iii) *Other requirements.* To be 30C property, any applicable property must also meet the following requirements—

(A) The property is of a character subject to an allowance for depreciation, or installed on property that is used as the principal residence of the taxpayer (within the meaning of section 121 of the Code);

(B) The original use of the property begins with the taxpayer; and

(C) The property is placed in service (as defined in § 1.30C-2(b)(6)) in an eligible census tract as described in § 1.30C-2(c).

(2) *45Z transportation fuel.* 45Z transportation fuel means any transportation fuel (as defined in section 45Z(d)(5) of the Code) produced after December 31, 2024.

(3) *Building and structural components.* Building and structural components has the same meaning as in § 1.48-1(e).

(4) *Census block.* Census block means the smallest geographic area for which the Census Bureau collects and tabulates decennial census data.

(5) *Charger.* Charger means a device with one or more charging ports and connectors for charging electric vehicles.

(6) *Charging port.* Charging port means the system within a charger that charges one motor vehicle. A charging port may have multiple connectors, but it can provide power at the port's rated electrical output to charge only one motor vehicle through one connector at a time.

(7) *Clean burning fuel.* Clean burning fuel means—

- (i) Any qualified alternative fuel; or
- (ii) Electricity.

(8) *Connector.* Connector means the device that attaches an electric vehicle to a charging port to transfer electricity.

(9) *Conventional fuel.* Conventional fuel means any fuel that is not a clean burning fuel. Conventional fuel includes diesel fuel that is not in a qualifying biodiesel mixture and gasoline.

(10) *Conventional refueling property.* Conventional refueling property means property that is used to dispense or store only conventional fuel.

(11) *Electric vehicle.* Electric vehicle means a motor vehicle that is either partially or fully powered by electric power received from an external power source.

(12) *Fuel dispenser.* Fuel dispenser means, in the case of refueling property, the unit through which fuel is dispensed into the fuel tank of a motor vehicle, if such unit is capable of fueling at or above the dispenser's minimum rate of fueling and has at least one hose and nozzle, and optionally a meter, valve, controller, and enclosure.

(13) *Fuel tank.* Fuel tank means, in the case of a motor vehicle propelled by qualified alternative fuel, the tank that supplies fuel to the propulsion engine of the motor vehicle or, in the case of a fuel cell electric vehicle, the tank that supplies fuel to the fuel cell of the motor vehicle.

(14) *Functionally interdependent.* Components are *functionally interdependent* if the placing in service of each component is dependent upon the placing in service of each of the other components in order to refuel or recharge a motor vehicle.

(15) *Integral part.* Property is an *integral part* of a refueling or recharging property if it is used directly in the intended function of the refueling

property or recharging property and is essential to the completeness of the intended function, meets all of the requirements for 30C property described in paragraph (b)(1)(iii) of this section, is owned by the taxpayer that owns the refueling property or recharging property, and is specifically designed to be integrated with the refueling property or recharging property with which it is associated.

(16) *Located at the point*—(i) *Refueling property.* For purposes of determining whether property is considered refueling property, and therefore 30C property, *located at the point* means the point where fuel is delivered into the fuel tank of the motor vehicle. Property will be considered located at the point where fuel is delivered into the fuel tank of the motor vehicle if such property is located at the same or immediately adjacent physical address as such fuel delivery point.

(ii) *Recharging property.* For purposes of determining whether property is considered recharging property, and therefore 30C property, *located at the point* means the point where the motor vehicles are recharged. Property will be considered located at the point where the motor vehicles are recharged if it is located at the same or immediately adjacent physical address as such recharging point. Property that is a component of a motor vehicle and is necessary for the propulsion of that vehicle is considered part of the vehicle rather than recharging property and is therefore not 30C property.

(17) *Motor vehicle*—(i) *In general.* *Motor vehicle* means any vehicle that has at least 4 wheels and is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails).

(ii) *2- or 3-wheeled motor vehicle.* For purposes of § 1.30C–2(c)(5), *motor vehicle* also includes any vehicle that has 2 or 3 wheels, is manufactured primarily for use on public streets, roads, or highways (not including a vehicle operated exclusively on a rail or rails), and is propelled by electricity.

(18) *Original use.* *Original use* has the same meaning as in § 1.48–2(b)(7).

(19) *Population census tract.* *Population census tract* means the small-area geographic divisions of a county or statistically equivalent entity defined for the tabulation and presentation of data from the decennial census and selected other statistical programs, as defined by the U.S. Bureau of the Census (Census Bureau). Population census tracts are comprised of census blocks. The Census Bureau assigns to each population census tract

a unique 11-digit census tract Geographic Identifier (GEOID). An 11-digit census tract GEOID is a GEOID (a numeric identifier associated with a geographic area) defined by the Census Bureau and comprised of a 2-digit State GEOID, 3-digit county GEOID, and 6-digit census tract GEOID. The 11-digit census tract GEOID provides a unique identifier for each population census tract in the United States, including tracts in the U.S. territories. The 11-digit census tract GEOIDs may vary for any individual latitude/longitude point based on different census tract boundary delineation dates over time.

(20) *Qualified alternative fuel.*

Qualified alternative fuel is a fuel meeting one of the following conditions—

(i) At least 85 percent of its volume consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen;

(ii) It is a qualifying biodiesel mixture; or

(iii) It is 45Z transportation fuel.

(21) *Qualifying biodiesel mixture.*

Qualifying biodiesel mixture means a mixture of biodiesel (as defined in section 40A(d)(1) of the Code) and diesel fuel (as defined in section 4083(a)(3) of the Code) if such mixture contains at least 20 percent biodiesel. For this purpose, any kerosene in a mixture—

(i) Is disregarded in determining whether the mixture is a mixture of biodiesel and diesel fuel; and

(ii) Is taken into account in determining whether the mixture contains at least 20 percent biodiesel.

(22) *Section 30C credit.* The term *section 30C credit* means the credit allowed by section 30C(a) to a taxpayer to claim against the tax imposed by chapter 1 (as defined in paragraph (b)(24)(i) of this section) of an amount equal to a percentage of the cost of 30C property placed in service by the taxpayer during the taxable year, subject to limitations described in section 30C(b) and the section 30C regulations.

(23) *Section 30C regulations.* The term *section 30C regulations* means this section and §§ 1.30C–2 through 1.30C–4.

(24) *Statutory references*—(i) *Chapter 1.* The term *chapter 1* means chapter 1 of the Code.

(ii) *Code.* The term *Code* means the Internal Revenue Code.

(25) *Storage property*—(i) *In general.* *Storage property* means qualified alternative fuel storage property and electrical energy storage property.

(ii) *Qualified alternative fuel storage property.* *Qualified alternative fuel*

storage property means property used for the storage of qualified alternative fuel, but only if such storage property is located at the point where the motor vehicles are refueled. For example, in the case of hydrogen energy storage property, such property may include but is not limited to a hydrogen compressor and associated storage tank and an underground storage facility and associated compressors.

(iii) *Electrical energy storage property.* *Electrical energy storage property* means property that receives, stores, and delivers energy for conversion to electricity, but only if such storage property is located at the point where the motor vehicles are recharged. For example, electrical energy storage property may include but is not limited to rechargeable electrochemical batteries of all types (such as lithium ion, vanadium flow, sodium sulfur, and lead-acid).

(c) *Applicability date.* This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the **Federal Register**].

§ 1.30C–2 General rules.

(a) *Amount of credit*—(1) *In general.* Section 30C(a) of the Code allows a taxpayer to claim as a credit against the tax imposed by chapter 1 an amount equal to a percentage of the cost of 30C property placed in service by the taxpayer during the taxable year, subject to certain dollar-amount limitations described in section 30C(b) and paragraph (a)(4) of this section.

(2) *Applicable percentages*—(i) *Property of a character subject to an allowance for depreciation.* In the case of property of a character subject to an allowance for depreciation, the section 30C credit is an amount equal to 6 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year. For 30C property placed in service by certain tax-exempt organizations and governmental units described in section 50(b)(3) and (4) of the Code, see sections 30C(e)(2) and 6417(d)(2) of the Code and § 1.6417–2(c).

(ii) *Projects meeting the prevailing wage and apprenticeship (PWA) requirements.* In the case of any 30C project (as described in § 1.30C–3(b)(2)) that satisfies the prevailing wage and registered apprenticeship requirements of section 30C(g) and § 1.30C–3 (PWA requirements), the section 30C credit for the cost of any 30C property in such project placed in service by the taxpayer during the taxable year is multiplied by 5.

(iii) *Property not subject to an allowance for depreciation.* In the case of property of a character not subject to an allowance for depreciation, the section 30C credit is an amount equal to 30 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year provided that such property is installed on property that is used as the taxpayer's principal residence (within the meaning of section 121 of the Code).

(3) *Apportionment of section 30C credit between business and personal use.* In the case of depreciable 30C property installed at the taxpayer's principal residence, the business use of which is more than 50 percent of a taxpayer's total use of the property for the taxable year in which the property is placed in service, the taxpayer's section 30C credit for that taxable year with respect to that 30C property is treated as a general business credit under section 30C(d)(1) and paragraph (a)(2)(i) of this section (and not allowed under section 30C(a) or paragraph (a)(2)(iii) of this section). If the business use of such 30C property is 50 percent or less of a taxpayer's total use of the property for the taxable year in which the property is placed in service (apportioned-use property), the taxpayer's section 30C credit for that taxable year with respect to that property must be apportioned as provided in paragraphs (a)(3)(i) and (ii) of this section:

(i) *Business use portion.* The portion of the section 30C credit corresponding to the percentage of the taxpayer's business use of the 30C property is treated as a general business credit under section 30C(d)(1) and paragraph (a)(2)(i) of this section (and not allowed under section 30C(a) or paragraph (a)(2)(iii) of this section).

(ii) *Personal use portion.* The portion of the section 30C credit corresponding to the percentage of the taxpayer's personal use of the 30C property is treated as a section 30C credit allowed under section 30C(a) pursuant to section 30C(d)(2) and paragraph (a)(2)(iii) of this section.

(4) *Dollar-amount limitations—(i) In general.* The section 30C credit allowed with respect to any single item of 30C property placed in service by the taxpayer during the taxable year cannot exceed—

(A) \$100,000 in the case of any such item of property of a character subject to an allowance for depreciation; and
(B) \$1,000 in any other case.

(ii) *Apportioned-use property.* In the case of apportioned-use property described in paragraph (a)(3) of this section, the dollar-amount limitation

must be apportioned in the same manner as the taxpayer's section 30C credit. For example, in the case of 30C property the business use of which is 40 percent of a taxpayer's total use of the property for the taxable year in which the property is placed in service: the portion treated as a general business credit under section 30C(d)(1) cannot exceed \$40,000 (\$100,000 multiplied by 40 percent), and the portion treated as a section 30C credit allowed under section 30C(a) cannot exceed \$600 (\$1,000 multiplied by 60 percent).

(b) *30C property rules—(1) Single item of 30C property.* A taxpayer may claim the section 30C credit with respect to 30C property if the taxpayer places in service at least one single item of 30C property as described in paragraph (b)(6) of this section, any other components associated with the item that are functionally interdependent, and, if applicable, any integral part property associated with the item. For purposes of calculating the section 30C credit, a single item of 30C property is—

(i) Each charging port for recharging property;
(ii) Each fuel dispenser for refueling property; or
(iii) Each storage property (for this purpose, a storage system comprised of multiple storage tanks, such as a cascade system, is treated as a single storage property).

(2) *Associated property.* If functionally interdependent property and, if applicable, integral part property that is a part of the 30C property is placed in service by a taxpayer in a taxable year and is associated with one or more single items of 30C property (associated property), then such associated property must be allocated as follows:

(i) If associated property is directly attributable and traceable to a single item of 30C property, then the cost of such associated property is allocated to such single item of 30C property.

(ii) If associated property is directly attributable and traceable to more than one single item of 30C property, then the cost of such associated property is allocated to such single item of 30C property based on the cost of each single item of 30C property. The total cost of such associated property divided among the 30C properties cannot exceed 100 percent of the cost of such associated property.

(3) *Calculating the section 30C credit.* The section 30C credit for each single item of 30C property is the lesser of the tentative section 30C credit for that single item or the dollar-amount limitations in paragraph (a)(4) of this section for that single item. The

tentative section 30C credit for each single item of 30C property equals:

(i) The applicable percentage; multiplied by

(ii) The sum of—

(A) The cost of the single item of 30C property;

(B) The cost of associated property that is directly attributable and traceable to the single item of 30C property (as described in paragraph (b)(2)(i) of this section); and

(C) The cost of the ratable share of associated property (as described in paragraph (b)(2)(ii) of this section).

(4) *Special rule for bidirectional charging equipment.* Property will not fail to be treated as 30C property solely because such property is capable of charging the battery of a motor vehicle propelled by electricity and allows discharging electricity from such battery to an electric load external to such motor vehicle.

(5) *Property for the refueling of certain two- and three-wheeled motor vehicles.* 30C property also includes property of a character subject to an allowance for depreciation that is for the recharging of a motor vehicle described in § 1.30C-1(b)(17)(ii).

(6) *Placed in service—(i) Depreciable property.* 30C property that is depreciable property is considered placed in service in the earlier of the following taxable years:

(A) The taxable year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to such property begins; or

(B) The taxable year in which such property is placed in a condition or state of readiness and availability for a specifically assigned function, whether in a trade or business or in the production of income.

(ii) *Non-depreciable property.* 30C property that is non-depreciable property is considered placed in service when it is installed at the principal residence of the taxpayer and is operational.

(c) *Eligible census tracts—(1) Geographic requirement.* To qualify for the section 30C credit, 30C property must be placed in service in an eligible census tract. Eligible census tracts include any population census tract that qualifies as a low-income community census tract or that is a non-urban census tract.

(2) *Low-income community census tract—(i) In general.* A population census tract is an eligible *low-income community census tract* for purposes of the section 30C credit if the population census tract meets the requirements of section 45D(e)(1) of the Code (relating to the new markets tax credit), which

requires that the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

(ii) *Modification for high migration rural counties.* In the case of a census tract located within a high migration rural county, as defined under section 45D(e)(5) of the Code, such census tract is a low-income community if the median family income for such tract does not exceed 85 percent of statewide median family income.

(3) *Non-urban census tract.* For purposes of the section 30C credit, a non-urban census tract is any population census tract in which at least 10 percent of the census blocks are not designated as urban areas by the Census Bureau.

(4) *Determination of eligibility of specific census tracts.* The Internal Revenue Service (IRS) will periodically publish lists of specific census tracts that meet the criteria in paragraph (c)(1) of this section along with instructions on how taxpayers may determine their census tract identifying numbers in the **Federal Register** or Internal Revenue Bulletin (see § 601.601 of this chapter).

(d) *Reduction in basis.* The basis of any property for which a credit is allowable under section 30C(a) must be reduced by the amount of the credit so allowed (determined without regard to section 30C(d)).

(e) *Examples.* The following examples illustrate the rules of this section.

(1) *Example 1—(i) Facts.* A installs a free-standing garage at A's principal residence, which costs \$25,000. A installs electric vehicle supply equipment (EVSE), which costs \$1,500 and consists of an AC Level 2 charger, charging port, and connector. A also installs a wall mount to support the charging port, which costs \$500. The wall mount is specifically designed to be integrated with the EVSE. Finally, A adds a new electric panel and installs conduit/wiring, which together costs \$1,000, to connect the charging port to the electrical service line. The new electric panel and conduit/wiring are used exclusively to service the charging port and are required to make the charging port operational. All property is owned by A and is not subject to an allowance for depreciation. All costs include labor costs. The property is

placed in service at the time it is installed. A's principal residence is located in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis—(A) 30C property.* The charger, charging port, connector, wall mount, electric panel, and conduit/wiring are 30C property under § 1.30C-1(b)(1). The charger, connector, and conduit/wiring are functionally interdependent with the charging port (and all of these properties together constitute recharging property under § 1.30C-1(b)(1)(i)(B)). The electric panel and wall mount are an integral part of the recharging property under § 1.30C-1(b)(1)(ii) and (b)(15). The charger, charging port, connector, wall mount, electrical panel, and conduit/wiring meet the other requirements of § 1.30C-1(b)(1)(iii) because the property is installed at A's principal residence, the original use of the property begins with A, and the property is placed in service (as defined in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section. The garage is not 30C property because any building or its structural components are excluded from the definition of 30C property under § 1.30C-1(b)(1)(i), and therefore cannot qualify as functionally interdependent with the charging port nor as an integral part of the recharging property.

(B) *Calculation of the credit.* Under paragraph (b)(1)(i) of this section, the charging port is the item of 30C property for purposes of calculating the credit. Further, under paragraph (b)(2) of this section, the charger (excluding the charging port), connector, wall mount, electrical panel, and conduit/wiring are all directly attributable and traceable associated property with respect to the charging port. Under paragraph (b)(3) of this section, the tentative section 30C credit is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the applicable percentage (30%). Here, the cost of the charging port is included in the cost of the EVSE (with the charger and connector), and because the charger includes only a single port, the entire \$1,500 is taken into account as either the item of 30C property or as directly attributable and traceable associated property. Thus, the tentative section 30C credit under paragraph (b)(3) of this section is \$3,000 (\$1,500 for the charger + \$500 for the wall mount + \$1,000 for the panel and wiring) multiplied by the applicable percentage (30%), which equals \$900. Because \$900 is less than the \$1,000 limit in paragraph (a)(4)(i)(B) of this

section, the final section 30C credit is also \$900.

(2) *Example 2—(i) Facts.* The facts are the same as paragraph (e)(1) of this section (*Example 1*), except that the total cost of all directly attributable and traceable associated property other than the charger (excluding the charging port) is \$3,500.

(ii) *Analysis.* Under paragraph (b)(3) of this section, the tentative section 30C credit is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the applicable percentage (30%). As in paragraph (e)(1) of this section (*Example 1*), the cost of the charging port is included in the cost of the EVSE (with the charger and connector), and because the charger includes only a single port, the entire \$1,500 is taken into account as either the item of 30C property or as directly attributable and traceable associated property. Thus, the tentative section 30C credit under paragraph (b)(3) of this section is \$5,000 (\$1,500 for the charger + \$3,500 for all directly attributable and traceable associated property) multiplied by the applicable percentage (30%), which equals \$1,500. Because \$1,500 is greater than the \$1,000 limit in paragraph (a)(4)(i)(B) of this section, the final section 30C credit is \$1,000.

(3) *Example 3—(i) Facts.* The facts are the same as paragraph (e)(2) of this section (*Example 2*), except that A operates a delivery service and installs the EVSE at her personal residence that she uses to charge both her personal vehicle and her delivery vehicle. Her business use of the EVSE is 40%. The PWA requirements are not satisfied.

(ii) *Analysis.* (A) As in paragraph (e)(2) of this section (*Example 2*), the cost of the charging port is included in the cost of the EVSE (with the charger and connector), and because the charger includes only a single port, the entire \$1,500 is taken into account as either the item of 30C property or as directly attributable and traceable associated property. Under paragraph (a)(3) of this section, the 30C property is apportioned-use property. As a result, under paragraph (a)(4)(ii) of this section, the dollar-amount limitation must be apportioned in the same manner as the taxpayer's section 30C credit.

(B) Under paragraph (b)(3) of this section, the tentative section 30C credit for the personal use portion of the 30C property is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the personal use portion (60%), and then multiplied by the

applicable percentage (30%). The tentative section 30C credit under paragraph (b)(3) of this section is \$5,000 (\$1,500 for the charger + \$3,500 for all directly attributable and traceable associated property) multiplied by the personal use portion (60%), and then multiplied by the applicable percentage (30%), which equals \$900. Because \$900 is greater than the \$600 limit in paragraph (a)(4)(ii) of this section (\$1,000 × 60%), the final section 30C credit for the personal use portion is \$600.

(C) Under paragraph (b)(3) of this section, the tentative section 30C credit for the business use portion of the 30C property is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the business-use portion (40%), and then multiplied by the applicable percentage (6%). The tentative section 30C credit under paragraph (b)(3) of this section is \$5,000 (\$1,500 for the charger + \$3,500 for all directly attributable and traceable associated property) multiplied by the business-use portion (40%), and then multiplied by the applicable percentage (6%), which equals \$120. Because \$120 is less than the \$40,000 limit in paragraph (a)(4)(ii) of this section (\$100,000 × 40%), the final section 30C credit for the business-use portion is \$120.

(4) *Example 4*—(i) *Facts*. B is a business entity that owns a fleet of medium-duty electric delivery vans. To recharge its electric delivery vans, B installs several properties at the same physical address in the same taxable year. First, B installs 20 direct current fast chargers (DCFCs), that have 2 charging ports each for a total of 40 charging ports. Each DCFC costs \$30,000. B also installs a pedestal to support each DCFC, which cost \$1,000 each. B additionally installs an electric panel and conduit/wiring, which together cost \$50,000, to connect the DCFCs to the electrical service line. Finally, B installs a smart charge management system for \$25,000, which is used to control the amount of power dispensed by the DCFCs to meet B's charging needs and prevent equipment overloads. The electric panel and conduit/wiring are used exclusively to service the DCFCs and are necessary to install to make each charging port operational. All property is owned by B. All costs include labor costs. Each of the above properties is property of a character subject to depreciation and is placed in service at the time it is installed. The physical address where B installs these properties is located in an

eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis*—(A) *30C property*. The DCFCs, pedestals, electric panel, conduit/wiring, and the smart charge management system all constitute 30C property under § 1.30C-1(b)(1). Each DCFC and each pedestal is functionally interdependent with the respective charging ports with which they are associated and the conduit/wiring property is functionally interdependent with the entire class of charging ports (and these properties together constitute recharging property under § 1.30C-1(b)(1)(i)(B)) and the electric panel and the smart charge management system constitute integral parts of the entire class of charging ports under § 1.30C-1(b)(1)(ii) and (b)(15). The DCFCs, pedestals, the electrical panel, conduit/wiring, and the smart charge management system all meet the other requirements of § 1.30C-1(b)(1)(iii) because the properties are each subject to an allowance for depreciation, the original use of the properties begins with B, and the properties are placed in service (as described in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit*. (1) Under paragraph (b)(1)(i) of this section, each charging port constitutes a separate item of 30C property for purposes of calculating the credit. Additionally, under paragraph (b)(2)(i) of this section, each charger (excluding its respective ports) and each pedestal, electrical panel, and the conduit/wiring are all associated property that is directly attributable to and traceable with respect to their respective charging ports. Further, the electric panel, the conduit/wiring, and the smart charge management system are associated property directly attributable and traceable to more than one single item of 30C property, as described in paragraph (b)(2)(ii) of this section, because they are not directly attributable and traceable to any single charging port.

(2) Under paragraph (b)(3) of this section, B's tentative section 30C credit for each single item of 30C property (each charging port) is the sum of the cost of that single item of 30C property (each charging port), the cost of directly attributable and traceable associated property, and the ratable share of the cost of other associated property multiplied by the applicable percentage as described in paragraph (a)(2) of this section (6% or 30%, depending on whether the PWA requirements are satisfied).

(3) Because each DCFC charger costs \$30,000 and each has 2 charging ports, the cost of each port is \$15,000 (\$30,000 ÷ 2). Additionally, because each pedestal supports a charger with 2 ports and costs \$1,000, the cost attributable to each port is \$500 (\$1,000 ÷ 2). The costs of the electric panel and the conduit/wiring are allocated ratably based on the cost per charging port (\$50,000 ÷ 40 = \$1,250). Similarly, the cost of the smart charge management system is also allocated ratably based on the cost per charging port (\$25,000 ÷ 40 = \$625).

(4) B should therefore calculate a separate section 30C credit for each single item of 30C property (that is, each of the 40 charging ports) by adding the cost of the charging port (\$15,000) to the cost (\$500) of directly attributable and traceable associated property (respective pedestal) and to the ratable shares (\$1250 + \$625) of the two functionally interdependent and integral part properties (panel, including its conduit/wiring, and the smart charge management system). The sum of these costs is \$17,375 for each charging port.

(5) If B does not meet the PWA requirements, B's tentative section 30C credit for each charging port is \$17,375 multiplied by the applicable percentage (6% under paragraph (b)(3)(i) of this section), which equals \$1,042.50. Because \$1,042.50 is less than the \$100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each charging port is also \$1,042.50. B's total section 30C credit is \$41,700, the sum of the section 30C credit for each charging port that B placed in service (\$1,042.50 × 40) in the taxable year.

(6) If B meets the PWA requirements, B's tentative section 30C credit for each charging port is \$17,375 multiplied by the increased applicable percentage (30%) under paragraph (b)(3)(i) of this section, which equals \$5,212.50. Because \$5,212.50 is less than the \$100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each charging port is also \$5,212.50. B's total section 30C credit is \$208,500, the sum of the section 30C credit for each charging port that B placed in service (\$5,212.50 × 40) during the taxable year. The fact that this total credit exceeds the \$100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the \$100,000 limit applies on a per-item basis and not as an aggregate limit.

(5) *Example 5*—(i) *Facts*. The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B

places in service the electric panel, conduit/wiring, smart charge management system, and 10 DCFCs in Year 1. In Year 2, B then installs and places in service the other 10 DCFCs.

(ii) *Analysis—(A) 30C property.* Under paragraph (a) of this section, the amount of the credit, generally, is determined based on a percentage of the cost of 30C property placed in service, as defined under paragraph (b)(6) of this section, by a taxpayer during a taxable year. In this example, B has placed in service 10 DCFCs, and certain integral part property and property that is functionally interdependent to all 20 DCFCs in one tax year, while placing in service 10 more DCFCs in a different tax year. B will, therefore, include the electric panel, conduit/wiring, smart charge management system, and 10 pedestals and 20 ports (that is, the 10 DCFCs placed in service in year 1) in calculating the Year 1 section 30C credit. In Year 2, B will only include in calculating B's total section 30C credit, the 10 pedestals and 20 ports installed in year 2.

(B) *Calculation of the credit.* (1) For year 1 the cost of each DCFC charger is still \$30,000 and the cost of each port is still \$15,000. Additionally, the cost for the pedestals attributable to each port is still \$500. The costs of the electric panel and the conduit/wiring are allocated ratably based on the cost per charging port placed in service in the same taxable year ($\$50,000 \div 20 = \$2,500$). Similarly, the cost of the smart charge management system is also allocated ratably based on the cost per charging port placed in service in the same taxable year ($\$25,000 \div 20 = \$1,250$). The cost for each single item in Year 1 includes the cost of each port (\$15,000), the ratable share of the cost of the pedestal (\$500), the ratable share of the cost of the electric panel and conduit/wiring (\$2,500) and the ratable share of the cost of the smart charge management system (\$1,250). The sum of these costs for a single item of 30C property in year 1 is \$19,250. If B did not meet the PWA requirements, B's tentative section 30C credit for each charging port is \$19,250 multiplied by the 6% applicable rate, which equals \$1,155 per single item of 30C property for Year 1. In total, B's section 30C credit for Year 1 would be \$23,100 ($\$1,155 \times 20$). If B does meet the PWA requirements, B's tentative section 30C credit for each port is \$5,775, which is the \$19,250 cost per single item multiplied by the 30% applicable rate. In total, if B meets the PWA requirements, B's section 30C credit for Year 1 would be \$115,500 ($\$5,775 \times 20$). The fact that this total credit exceeds the

\$100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the \$100,000 limit applies on a per-item basis and not as an aggregate limit.

(2) For Year 2, the cost of each port would still be \$15,000 and the cost for the pedestals attributable to each port is still \$500. The integral part property was already placed in service in Year 1, and therefore, the cost associated with that property is not allocated to the Year 2 property. Therefore, in Year 2, if B does not meet the PWA requirements, B's section 30C credit for each single item is \$930 ($\$15,500 \times 6\%$), and the amount of B's total Year 2 section 30C credit is \$18,600 ($\930×20). If B meets the PWA requirements, B's section 30C credit for each single item is \$4,650 ($\$15,500 \times 30\%$), and B's total Year 2 section 30C credit is \$93,000 ($\$4,650 \times 20$).

(6) *Example 6—(i) Facts.* The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B begins construction and incurs \$100,000 of costs related to the installation of the chargers in Year 1, but no property is placed in service until Year 2.

(ii) *Analysis.* There is no section 30C credit for Year 1 because no 30C property has been placed in service. The 30C property is placed in service in Year 2. In Year 2, the section 30C credit is the same as the Year 1 credit in paragraph (e)(4) of this section (*Example 4*).

(7) *Example 7—(i) Facts.* The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that instead of installing 20 DCFCs, B installs 10 DCFCs, with 2 charging ports each, and 10 AC Level 2 chargers (AC chargers), also with 2 charging ports each. Each AC Level 2 charger costs \$10,000. Each DCFC charger still costs \$30,000. B also installs a pedestal to support each AC charger, which costs \$1,000 each.

(ii) *Analysis—(A) 30C property.* The analysis for the DCFCs pedestals, electric panel, conduit/wiring, and smart charge management system is the same as in *Example 4* of this paragraph (e). Additionally, the AC chargers also constitute 30C property under § 1.30C–1(b)(1). Each AC charger and each pedestal is functionally interdependent with the respective charging ports with which they are associated (and these properties together constitute recharging property under § 1.30C–1(b)(1)(i)(B)) and the electric panel, the conduit/wiring property, and the smart charge management system constitute integral parts of all of the DCFC ports and AC charger charging ports under § 1.30C–1(b)(1)(ii) and (b)(15). The AC chargers also meet the other requirements of

§ 1.30C–1(b)(1)(iii) because they are subject to an allowance for depreciation, the original use of the properties begins with B, and are placed in service (as defined in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit.* (1) Under paragraph (b)(1)(i) of this section, each of the 20 DCFC charging ports and each of the 20 AC charger charging ports constitutes a separate item of 30C property for purposes of calculating the credit. Additionally, under paragraph (b)(2)(i) of this section, each charger (excluding its respective ports) and each pedestal, electrical panel, and the conduit/wiring are all associated property that is directly attributable to and traceable associated property with respect to their respective charging ports. Further, the electric panel, the conduit/wiring, and the smart charge management system are associated property directly attributable and traceable to more than one single item of 30C property, as described in paragraph (b)(2)(ii) of this section, because they are not directly attributable and traceable to any single charging port.

(2) Under paragraph (b)(3) of this section, B's tentative section 30C credit for each single item of 30C property (each charging port) is the sum of the cost of that single item of 30C property (each charging port), the cost of directly attributable and traceable associated property, and the ratable share of the cost of other associated property multiplied by the applicable percentage as described in paragraph (a)(2) of this section (6% or 30%, depending on whether the PWA requirements are satisfied).

(3) B should therefore calculate a separate section 30C credit for each single item of 30C property (that is, each of the 20 DCFC charging ports and each of the 20 AC charger charging ports). Because each of the 10 DCFCs costs \$30,000 and each has 2 charging ports, the cost of each DCFC port is \$15,000 ($\$30,000 \div 2$). Similarly, because each of the 10 AC chargers costs \$10,000 and each has 2 charging ports, the cost of each AC charger charging port is \$5,000 ($\$10,000 \div 2$). To calculate the credit, B should add the cost of the charging port (\$15,000 for the DCFC ports and \$5,000 for the AC charger charging ports) to the allocable costs of the associated properties. Because each pedestal costs \$1,000 and supports a single charger that has 2 ports, the cost attributable to each port (both the DCFC and AC charger charging ports) is \$500 ($\$1,000 \div 2$). With respect to the properties

whose costs are not directly attributable and traceable to any single port, B must allocate their costs according to each port's ratable share of B's total cost for the 40 ports. Because the 20 DCFC ports cost a total of \$300,000 ($20 \times \$15,000$) and the 20 AC charger charging ports cost only \$100,000 in total ($20 \times \$5,000$), B should allocate 75% of these costs to the 20 DCFC ports and 25% of these costs to the AC charger charging ports. Therefore, $\$1,875$ ($(\$50,000 \times 75\%) \div 20$) of the cost of the electric panel and conduit/wiring is attributable to each of the 20 DCFC charging ports, and $\$625$ ($(\$50,000 \times 25\%) \div 20$) is attributable to each of the 20 AC charger ports. Similarly, the cost of the smart charge management system is allocated in the same ratio, with $\$937.50$ ($(\$25,000 \times 75\%) \div 20$) allocated to each DCFC port, and $\$312.50$ ($(\$25,000 \times 25\%) \div 20$) to each AC charger charging port.

(4) Accordingly, if B does not meet the PWA requirements, B's tentative section 30C credit for each DCFC port is $\$18,312.50$ ($\$15,000 + \$500 + \$1875 + \937.50) multiplied by the 6% applicable rate, which equals $\$1,098.75$, and the section 30C credit for each AC charger charging port is $\$6,437.50$ ($\$5,000 + \$500 + \$625 + \312.50) multiplied by the 6% applicable rate, which equals $\$386.25$. Because both $\$1,098.75$ and $\$386.25$ are less than the $\$100,000$ credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each DCFC port is also $\$1,098.75$, and the final section 30C credit for each AC charger charging port is also $\$386.25$. B's total section 30C credit is $\$29,700$ ($\$21,975 + \$7,725$), the sum of the section 30C credit for each charging port that B placed in service ($\$1,098.75 \times 20$) + ($\386.25×20) in the taxable year.

(5) If B meets the PWA requirements, B's tentative section 30C credit for each DCFC port is $\$18,312.50$ multiplied by the increased applicable percentage (30%) under paragraph (b)(3)(i) of this section, which equals $\$5,493.75$, and its tentative section 30C credit for each AC charger charging port is $\$6,437.50$ multiplied by 30%, or $\$1,931.25$. Because both $\$5,493.75$ and $\$1,931.25$ are less than the $\$100,000$ credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each DCFC port is also $\$5,493.75$ and the final section 30C credit for each AC charger charging port is also $\$1,931.25$. B's total section 30C credit is $\$148,500$, the sum of the section 30C credit for the 20 DCFC ports that B placed in service ($\$5,493.75 \times 20 = \$109,875$) plus the sum of the section 30C credit for the 20

AC charger charging ports that B placed in service ($\$1,931.25 \times 20 = \$38,625$) during the taxable year. The fact that this total credit exceeds the $\$100,000$ limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $\$100,000$ limit applies on a per-item basis and not as an aggregate limit.

(8) *Example 8*—(i) *Facts*. The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B spends $\$100,000$ improving the land (for example, grading the land, installing a drainage system, and installing a paved surface). B also spends $\$15,000$ on fees related to permitting improvements to the land. Finally, B spends $\$5,000$ on "EV parking only" signs and striping on the pavement needed for the EV to access the charger.

(ii) *Analysis*. The costs for improving the land, associated permitting fees, and signs and striping are not 30C property because such costs are not functionally interdependent with the chargers or an integral part of the chargers. See § 1.30C-1(b)(14) and (15). Therefore, the costs that B incurred to improve the land, to add the signage, and to stripe the pavement would not change the amount of the section 30C credit that B may claim.

(9) *Example 9*—(i) *Facts*. The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B also installs and places in service a battery energy storage system as a backup source of electricity during power outages and to moderate electricity pricing. The battery energy storage system receives, stores, and delivers energy for conversion to electricity, and is located on the same or immediately adjacent physical address as the chargers and charging ports. The battery storage system is only used to support the chargers and does not provide electricity for any other purpose. The battery energy storage system costs $\$20,000$.

(ii) *Analysis*—(A) *30C property*. The battery energy storage system constitutes 30C property under § 1.30C-1(b)(1)(i)(B) because it is for the recharging of motor vehicles, (specifically, it is an electrical energy storage property described in § 1.30C-1(25)(iii)), and it is located at the point where motor vehicles are recharged under § 1.30C-1(b)(16)(ii) because its located on the same or immediately adjacent physical address as B's chargers.

(B) *Calculation of the credit*. (1) The battery energy storage system is a single item of 30C property under paragraph (b)(1)(iii) of this section, and it constitutes a separate single item of 30C

property from B's charging ports and the properties associated with the charging ports. Therefore, B should calculate the section 30C credit for the battery storage system separately from its credit arising from its costs for these other properties. B also should not allocate the cost of the battery energy storage system among the charging ports.

(2) Accordingly, if B does not meet the PWA requirements, B's tentative section 30C credit for the battery energy storage system is $\$1,200$ ($\$20,000 \times 6\%$). Because this $\$1,200$ amount is less than the $\$100,000$ credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for the battery energy storage system is also $\$1,200$. If B meets the PWA requirements, B's tentative section 30C credit for the battery energy storage system is $\$6,000$ ($\$20,000 \times 30\%$). Because this $\$6,000$ amount is less than the $\$100,000$ credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for the battery energy storage system is also $\$6,000$. It would not be relevant if B claimed $\$100,000$ or more in section 30C credits for other items of 30C property because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $\$100,000$ limit applies on a per-item basis and not as an aggregate limit.

(3) If B claims a section 30C credit for the battery energy storage system, this would render such storage property to be primarily used in the transportation of goods or individuals and not for the production of electricity. As a result, the property would not satisfy the requirements under section 48 or 48E.

(10) *Example 10*—(i) *Facts*. The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B participates in a local electric company incentive program. The electric company installs the electric panel, conduit/wiring, and load management system, for which the electric company retains ownership.

(ii) *Analysis*—(A) *30C property*. The DCFCs, pedestals, electric panel, conduit/wiring, and the smart charge management system all constitute 30C property, as explained in the analysis under paragraph (e)(4) of this section (*Example 4*). However, B does not own the electric panel, conduit/wiring, and load management system, and, as a result, may not include the cost of that property in calculating B's section 30C credit. B would only calculate the credit based on the 30C property the taxpayer owns, which is the DCFCs and pedestals. The electric company that owns the electric panel, conduit/wiring, and load management system cannot

claim a section 30C credit for such property because it does not own the charging ports and therefore does not own a single item of 30C property, which is necessary to claim a section 30C credit. See paragraph (b)(1) of this section.

(B) *Calculation of the credit.* (1) Under paragraph (b)(3) of this section, B's tentative section 30C credit for each single item of 30C property (each charging port) is the sum of the cost of that single item of 30C property (each charging port), the cost of directly attributable and traceable associated property, and the ratable share of the cost of other associated property multiplied by the applicable percentage as described in paragraph (a)(2) of this section (6% or 30%, depending on whether the PWA requirements are satisfied).

(2) To calculate the credit for each single item of 30C property (each of the 40 charging ports) B would add the cost of each charging port (\$15,000 (\$30,000 ÷ 2)) to the cost (\$500 (\$1,000 ÷ 2)) of directly attributable and traceable associated property (that is, the respective pedestal). The sum of these costs is \$15,500 for each charging port. If B does not meet the PWA requirements, B's tentative section 30C credit for each charging port is \$15,500 multiplied by the applicable percentage (6% under paragraph (b)(3)(i) of this section), which equals \$930 per single item. Because this \$930 amount is less than the \$100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each charging port is \$930. The total section 30C credit for B, if B does not meet the PWA requirements is \$37,200 (\$930 × 40).

(3) If B meets the PWA requirements, B's tentative section 30C credit for each charging port is \$15,500 multiplied by the increased applicable percentage (30%), which equals \$4,650 per single item. B's total section 30C credit, in this example, is \$186,000 (\$4,650 × 40). The fact that this total credit exceeds the \$100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the \$100,000 limit applies on a per-item basis and not as an aggregate limit.

(11) *Example 11—(i) Facts.* The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B engages with a local utility company providing charging services that installs the 30C property described in paragraph (e)(4) (*Example 4*) at the same physical address in the same taxable year at the utility company's expense, for which the utility company retains ownership.

(ii) *Analysis.* As the owner of the 30C property, the local utility company, and not B, would be eligible for a section 30C credit for such property, assuming all other statutory and regulatory requirements are met. The remainder of the analysis is the same as set forth in paragraph (e)(4) of this section (*Example 4*).

(12) *Example 12—(i) Facts.* C owns a gasoline station. C decides to add retail hydrogen fueling capability to its existing gasoline station to facilitate the refueling of hydrogen fuel cell vehicles. C installs a bulk hydrogen storage tank (\$900,000), cryogenic pumps (\$5,000,000), evaporators associated with bulk storage (\$700,000), cascade storage system (\$1,300,000), electrical supply equipment used only for the hydrogen equipment (\$150,000), a high-conductivity concrete pad (necessary to prevent static discharge during fueling), firewalls, and piping (collectively, \$550,000) and two hydrogen dispensers (\$160,000 each) which include the dispensing control valves, connection hoses, hydrogen meters, and nozzles. All property is owned by C and is located at the point of refueling, meaning it is at the same or immediately adjacent physical address. All costs include labor costs. The property is property of a character subject to depreciation. All property is placed in service in the year it is installed, in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis—(A) 30C property.* The bulk hydrogen storage tank, cryogenic pumps, evaporators, cascade storage system, electrical supply equipment, high-conductivity concrete pad, firewalls, piping, and two hydrogen dispensers are 30C property under § 1.30C-1(b)(1). The cryogenic pumps and electrical supply equipment are functionally interdependent with the cascade high-pressure storage tank under § 1.30C-1(b)(1)(i)(A) and (b)(14). The high-conductivity concrete pad, firewalls, and piping are functionally interdependent property with the dispensers, also under § 1.30C-1(b)(1)(i)(A) and (b)(14). Collectively, this property is refueling property under § 1.30C-1(b)(1)(i)(A). The evaporators are an integral part associated with the bulk hydrogen storage tank under § 1.30C-1(b)(1)(i)(B) and (b)(15). The hydrogen storage system, cryogenic pumps, evaporators, cascade storage system, electrical supply equipment, high-conductivity concrete pad, firewalls, piping, and two hydrogen fuel dispensers meet the other requirements of § 1.30C-1(b)(1)(iii) because the properties are each subject to an allowance for depreciation, the original

use of the properties begins with C, and the properties are placed in service in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit.* (1) The bulk hydrogen storage tank system and the cascade high-pressure storage system are each qualified alternative fuel storage property and each is a single item of 30C property under § 1.30C-1(b)(1) and paragraph (b)(1) of this section. Although the cascade high-pressure storage system is comprised of multiple storage tanks, the system is treated as a single item of alternative fuel storage property. The dispensers are each single items of 30C property pursuant to § 1.30C-1(b)(1) and paragraph (b)(1) of this section.

(2) Under paragraph (b)(3) of this section, the tentative section 30C credit for the bulk hydrogen storage tank is the sum of the cost of the bulk hydrogen storage tank plus the cost of the evaporators (that is, the only associated property that is directly attributable and traceable to the bulk hydrogen storage tank), multiplied by the applicable percentage (6% or 30%, depending on whether the PWA requirements are satisfied) pursuant to section 30C(a). Therefore, the tentative section 30C credit for the bulk hydrogen storage tank is \$96,000 (($\$900,000 + \$700,000$) × 6%) if the PWA requirements are not met, or \$480,000 (($\$900,000 + \$700,000$) × 30%) if the PWA requirements are met. Under paragraph (b)(3) of this section, the section 30C credit for the bulk hydrogen storage tank, after applying the \$100,000 limitation in paragraph (a)(4)(i)(A) of this section, is \$96,000 if the PWA requirements are not met, or \$100,000 if the PWA requirements are met.

(3) Under paragraph (b)(3) of this section, the costs taken into account in calculating the tentative section 30C credit for the cascade high-pressure storage system include the costs of any associated property that is directly attributable and traceable to the cascade high-pressure storage system, or a ratable share of the costs if the associated property if it is directly attributable and traceable to more than one item of property. The functionally interdependent property associated with the cascade high-pressure storage tank (that is, the cryogenic pumps and electrical supply equipment) is directly attributable and traceable to the cascade high-pressure storage system and no other item of property. Therefore, the tentative section 30C credit for the cascade high-pressure storage system is the sum of the costs of the cascade storage system and cryogenic pumps, and electrical supply equipment (\$1,300,000 + \$5,000,000 + \$150,000),

multiplied by the applicable percentage (6% or 30%, depending on whether the PWA requirements are satisfied). Therefore, the tentative section 30C credit for the cascade high-pressure storage system is \$387,000 $((\$1,300,000 + \$5,000,000 + \$150,000) \times 6\%)$ if the PWA requirements are not met, or \$1,935,000 $((\$1,300,000 + \$5,000,000 + \$150,000) \times 30\%)$ if the PWA requirements are met. Under paragraph (b)(3) of this section, the section 30C credit for the cascade high-pressure storage system, after applying the \$100,000 limitation in paragraph (a)(4)(i)(A) of this section, is \$100,000 if the PWA requirements are not met, or \$100,000 if the PWA requirements are met.

(4) The high-conductivity concrete pad, firewalls, and piping are functionally interdependent with the fuel dispensers; thus, the high-conductivity concrete pad, firewalls, and piping are associated property under paragraph (b)(2) of this section with respect to the dispensers. Because the high-conductivity concrete pad, firewalls, and piping are directly attributable and traceable to both fuel dispensers and no other single item of 30C property, half of the costs are allocated to each dispenser under paragraph (b)(2)(ii) of this section. Therefore, under paragraph (b)(3) of this section, the tentative section 30C credit for each fuel dispenser is the sum of the cost of each of the hydrogen dispenser and half the cost of the high-conductivity concrete pad, firewalls, and piping are multiplied by the applicable percentage (6% or 30%, depending on whether the PWA requirements are satisfied). Therefore, the tentative section 30C credit for each fuel dispenser is \$26,100 $(\$160,000 + (\$550,000 \div 2) \times 6\%)$ if the PWA requirements are not met, or \$130,500 $(\$160,000 + (\$550,000 \div 2)) \times 30\%$ if the PWA requirements are met. Under paragraph (b)(3) of this section, the final section 30C credit for each fuel dispenser, after applying the \$100,000 limitation in paragraph (a)(4)(i)(A) of this section, is \$26,100 if the PWA requirements are not met, or \$100,000 if the PWA requirements are met.

(5) If C does not meet the PWA requirements, C's total section 30C credit for the year is \$96,000 for the bulk hydrogen storage tank, plus \$100,000 for the cascade high-pressure storage tank, plus \$26,100 for each fuel dispenser, for a total of \$248,200. If C meets the PWA requirements, C's total section 30C credit for the year is \$100,000 for the bulk hydrogen storage tank, plus \$100,000 for the cascade high-pressure storage tank, plus \$100,000 for each fuel dispenser, for a

total of \$400,000. The fact that this total credit exceeds the \$100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the \$100,000 limit applies on a per-item basis and is not an aggregate limit.

(13) *Example 13—(i) Facts.* G installs a time-fuel compressed natural gas (CNG) station to refuel its fleet of heavy-duty CNG trucks at a central lot near its warehouse. The station has 10 fuel dispensers. From the existing utility gas meter, G installs a gas line, dryer, filter, and gas compressor, which costs \$300,000. The gas compressor flows to buffer storage, which costs \$100,000. The buffer storage flows through a temperature compensation unit, which costs \$50,000, before flowing through to the dispensers, which dispense the CNG. Each fuel dispenser is capable of fueling at or above the dispenser's minimum rate of fueling, and has one hose and nozzle, which costs \$10,000 per fuel dispenser. All property is owned by G and is located at the point of refueling, meaning it is on the same or immediately adjacent physical address. All costs include labor costs. The address where G installs these properties is located in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis—(A) 30C property.* The gas line, dryer, filter, gas compressor, buffer storage, temperature compensation unit, and fuel dispensers are 30C property pursuant to § 1.30C-1(b)(1) and paragraph (b)(1) of this section. The gas line, dryer, filter, gas compressor, and temperature compensation unit are functionally interdependent with the dispensers pursuant to § 1.30C-1(b)(14). Together, these items of property constitute refueling property under § 1.30C-1(b)(1)(i)(A). Each fuel dispenser, the gas line, dryer, filter, gas compressor, buffer storage, and temperature compensation unit, all meet the other requirements of § 1.30C-1(b)(1)(iii) because the properties are each subject to an allowance for depreciation, the original use of the properties begins with G, and the properties are placed in service (as described in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit.* (1) Each fuel dispenser is a single item of 30C property pursuant to paragraph (b)(1)(ii) of this section and § 1.30C-1(b)(12). The gas line, dryer, filter, gas compressor, and temperature compensation unit are each associated property pursuant to paragraph (b)(2) of this section, and their cost is allocated ratably to each

dispenser $(\$300,000 + \$50,000) \div 10 = \$35,000$). The buffer storage is a single item of 30C property pursuant to § 1.30C-1(b)(1) and paragraph (b)(1) of this section.

(2) If G does not meet the PWA requirements, under paragraph (b)(3)(i) of this section, the tentative section 30C credit for each fuel dispenser is the sum of the cost of that single item of 30C property (that is, the fuel dispenser) (\$10,000) and the ratable share of the cost of other associated property (\$35,000) multiplied by the applicable percentage (6%), or \$2,700, $(\$10,000 + \$35,000) \times 6\% = \$2,700$. The tentative section 30C credit for the cost of the buffer storage is the cost of the buffer storage multiplied by the applicable percentage (6%) or \$6,000 $(\$100,000 \times 6\% = \$6,000)$. Under paragraph (b)(3) of this section, after applying the \$100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are not met, the final section 30C credit for each fuel dispenser is \$2,700 and the final section 30C credit for the buffer storage is \$6,000. The total section 30C credit is \$33,000 $(\$2,700 \times 10) + \$6,000$.

(3) If G meets the PWA requirements, the tentative section 30C credit under paragraph (b)(3) of this section for each dispenser is \$13,500, $(\$10,000 + \$35,000) \times 30\% = \$13,500$. The tentative section 30C credit for the buffer storage is \$30,000 $(\$100,000 \times 30\% = \$30,000)$. Under paragraph (b)(3) of this section, after applying the \$100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are met, the final section 30C credit for each fuel dispenser is \$13,500 and the final section 30C credit for the buffer storage is \$30,000. The total section 30C credit is \$165,000 $(\$13,500 \times 10) + \$30,000$. The fact that this total credit exceeds the \$100,000 limit is not relevant because the \$100,000 limit applies on a per-item basis and is not an aggregate limit.

(14) *Example 14—(i) Facts.* The facts are the same as paragraph (e)(13) of this section (*Example 13*), except that G also installs a local utility line (\$400,000) and gas utility meter (\$5,000) to service its CNG refueling station. The portion of cost of the local utility line on the same or immediately adjacent physical address as the CNG dispensers is \$100,000. The gas utility meter is also on the same or immediately adjacent physical address as the CNG dispensers. All property is owned by G. All costs include labor costs. Each of the above properties is property of a character subject to depreciation and is placed in service at the time it is installed. The physical address where G installs a

portion of the local utility line and gas utility meter is located in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis*—(A) *30C property*. The portion of the local utility line that is on the same or immediately adjacent physical address as the CNG dispensers and gas utility meter are 30C property pursuant to §§ 1.30C–1(b)(1) and paragraph (b)(1) of this section. The portion of the local utility line that is on the same or immediately adjacent physical address as the CNG dispensers is located at the point of refueling under § 1.30–1(b)(16). (The remaining portion is not located at the point of refueling and is therefore not 30C property.) The gas meter is also located at the point of refueling under § 1.30–1(b)(16) because it is on the same or immediately adjacent physical address as the CNG dispensers. Further, the portion of the local utility line that is on the same or immediately adjacent physical address as the CNG dispensers and the gas meter constitute integral part property with respect to the fuel dispensers under § 1.30C–1(b)(15). Together with the gas line, dryer, filter, gas compressor, and temperature compensation unit, the utility line and the gas meter are refueling property under § 1.30C–1(b)(1)(i)(A).

(B) *Calculation of the credit*. (1) Each fuel dispenser is a single item of 30C property pursuant to paragraph (b)(1)(ii) of this section and § 1.30C–1(b)(12). The local utility line and gas utility meter are each associated property pursuant to paragraph (b)(2) of this section. Their costs are allocated ratably to each dispenser $((\$100,000 + \$5,000) \div 10 = \$10,500)$ under paragraph (b)(2)(ii) of this section.

(2) If G does not meet the PWA requirements, under paragraph (b)(3) of this section, the tentative section 30C credit for each fuel dispenser is the sum of the dispenser, the ratable cost of the gas line, dryer, filter, the gas compressor and temperature compensation unit, and the ratable share of the local utility line and gas utility meter, multiplied by the applicable percentage (6%), or \$3,330, $((\$10,000 + \$35,000 + \$10,500) \times 6\% = \$3,330)$. The tentative section 30C credit for the cost of the buffer storage is \$6,000 $(\$100,000 \times 6\% = \$6,000)$. Under paragraph (b)(3) of this section, after applying the \$100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are not met, the final section 30C credit for each fuel dispenser is \$3,330 and the final section 30C credit for the buffer storage is \$6,000. The total section 30C credit is \$39,330 $((\$3,330 \times 10) + \$6,000)$.

(3) If G meets the PWA requirements, the tentative section 30C credit for each dispenser is \$16,650, $((\$10,000 + \$35,000 + \$10,500) \times 30\% = \$16,650)$. The tentative section 30C credit for the cost of the buffer storage is \$30,000 $(\$100,000 \times 30\% = \$30,000)$. Under paragraph (b)(3) of this section, after applying the \$100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are met, the final section 30C credit for each fuel dispenser is \$16,650 and the final section 30C credit for the buffer storage is \$30,000. The total section 30C credit is \$196,500 $((\$16,650 \times 10) + \$30,000)$. The fact that this total credit exceeds the \$100,000 limit is not relevant because the \$100,000 limit applies on a per-item basis and is not an aggregate limit.

(15) *Example 15*—(i) *Facts*. W installs a refueling station that is used to refuel forklift trucks with qualified alternative fuel.

(ii) *Analysis*. The refueling station is not 30C property under § 1.30C–1(b)(1) and paragraph (b)(1) of this section. Section 1.30C–1(b)(1)(i)(A) requires that 30C property must be used to store or dispense qualified alternative fuel at the point where the fuel is dispensed into the fuel tank of a “motor vehicle.” Although a forklift truck occasionally may be operated on public roads, it is manufactured primarily for hauling loads in factories, warehouses, and other similar settings, and not for use on public streets, roads, and highways. Therefore, a forklift truck is not a “motor vehicle” for purposes of the section 30C credit under § 1.30C–1(b)(17).

(f) *Claim requirements*. A taxpayer claiming the section 30C credit must attach a Form 8911, *Alternative Fuel Vehicle Refueling Property Credit*, or any successor form required by the IRS, completed in accordance with the form instructions, and file it with the return on which the section 30C credit is claimed.

(g) *Applicability date*. This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the **Federal Register**].

■ **Par. 3.** Section 1.30C–3 is revised to read as follows:

§ 1.30C–3 Rules relating to the increased credit amount for prevailing wage and apprenticeship.

(a) *In general*. If any qualified alternative fuel vehicle refueling project (as defined by section 30C(g)(1)(B)) (30C project) placed in service during the taxable year satisfies the requirements in paragraph (b) of this section, the credit determined under section 30C(a)

for any 30C property of a character subject to an allowance for depreciation that is part of such 30C project is multiplied by five.

(b) *30C project requirements*—(1) *In general*. A 30C project satisfies the requirements of this paragraph (b) if it is one of the following—

(i) A project the construction of which began prior to January 29, 2023; or

(ii) A project that meets the prevailing wage requirements of section 45(b)(7) of the Code and § 1.45–7, the apprenticeship requirements of section 45(b)(8) and § 1.45–8, and the recordkeeping and reporting requirements of § 1.45–12, all with respect to the construction of any 30C property within the meaning of section 30C and the section 30C regulations before such 30C property is placed in service.

(2) *Determination of a project*.

Multiple 30C properties will be treated as a single 30C project if the items of property are constructed and operated on a contiguous piece of land, owned by a single taxpayer (subject to the related taxpayer rule provided in paragraph (b)(3) of this section), placed in service in a single taxable year, and one or more of the following factors is present:

(i) The properties are described in one or more common environmental or other regulatory permits;

(ii) The properties are constructed pursuant to a single master construction contract; or

(iii) The construction of the properties is financed pursuant to the same loan agreement.

(3) *Related taxpayers*—(i) *Definition*. For purposes of this section, the term *related taxpayers* means members of a group of trades or businesses that are under common control (as defined in § 1.52–1(b)).

(ii) *Related taxpayer rule*. For purposes of this section, related taxpayers are treated as one taxpayer in determining whether multiple properties are treated as a 30C project with respect to which a section 30C credit may be determined.

(c) *Coordination with 30C(e)(2) and § 1.30C–4(c)*. If a person who sells 30C property, the use of which is described in section 50(b)(3) or (4) and which is not subject to a lease, is treated as the taxpayer that placed such property in service under section 30C(e)(2), such person will be treated as the taxpayer responsible for satisfying the recordkeeping and reporting requirements of § 1.45–12.

(d) *Examples*. The following examples illustrate the rules of this section.

(1) *Example 1*—(i) *Facts*. D owns and operates electric charging stations. In

Year 1, D places in service five chargers, each with one charging port, on Parcel 1. In the same year, D also places in service three chargers, each with one charging port, on Parcel 2. Parcel 1 and Parcel 2 are a mile apart from each other. D submits a single environmental permit covering both charging stations and obtains financing pursuant to the same loan agreement. D meets the requirements of section 30C(g) and this section (that is, the PWA requirements) for the chargers installed on Parcel 1 but does not meet the PWA requirements for the chargers installed on Parcel 2. The chargers installed on Parcel 1 and Parcel 2 are depreciable property and meet all other requirements to be 30C property.

(i) *Analysis.* Under paragraph (b)(2) of this section, the chargers placed in service on Parcel 1 are treated as a separate 30C project from the chargers placed in service on Parcel 2 because the properties are not on contiguous piece of land. Therefore, under § 1.30C-2(a)(2)(ii), D is eligible for a credit of 30 percent of the cost of the five chargers placed in service on Parcel 1, but only 6 percent of the cost of the three chargers placed in service on Parcel 2 under § 1.30C-2(a)(2)(i).

(2) *Example 2—(i) Facts.* The facts are the same as paragraph (d)(1) of this section (*Example 1*), except that Parcel 1 and Parcel 2 are contiguous pieces of land.

(ii) *Analysis.* Under paragraph (b)(2) of this section, the chargers installed on Parcel 1 and Parcel 2 are treated as a single 30C project because they are constructed on a contiguous piece of land, are owned, and operated by a single taxpayer, placed in service by a single taxpayer in a single year, described in a common environmental permit, and financed pursuant to the same loan agreement. Therefore, because D did not meet the PWA requirements with respect to the chargers placed in service in parcel 2, D is eligible for only the 6 percent credit for both the parcel 1 and parcel 2 property under § 1.30C-2(a)(2)(i).

(e) *Applicability date.* This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the **Federal Register**].

■ **Par. 4.** Section 1.30C-4 is added to read as follows:

§ 1.30C-4 Special rules.

(a) *No credit allowable in certain circumstance—(1) Property used outside the United States.* Except as provided in paragraph (a)(2) of this section, pursuant to sections 30C(e)(3) and 50(b)(1) of the Code, no section 30C credit is allowable with respect to any property placed in

service for use predominantly outside the United States.

(2) *Property placed in service in a United States territory.* Pursuant to sections 30C(e)(3), 50(b)(1) and 168(g)(4)(G) of the Code, paragraph (a)(1) of this section does not apply to 30C property that is owned by a domestic corporation or by a United States citizen (other than a citizen entitled to the benefits of section 931 or 933 of the Code) and that is used predominantly in a territory of the United States by such a corporation or such a citizen, or by a corporation created or organized in, or under the law of, a territory of the United States.

(3) *Section 179.* No section 30C credit is allowable with respect to the portion of the cost of any property taken into account under section 179 of the Code.

(b) *Recapture—(1) In general.* The rules in this paragraph (b) provide for recapturing the benefit of any allowable section 30C credit with respect to any property that ceases to be property eligible for such credit. If a recapture event occurs with respect to a taxpayer's 30C property, the taxpayer must include the recapture amount in taxable income under chapter 1 of the Code for the taxable year in which the recapture event occurs (recapture year).

(2) *Recapture event.* A recapture event occurs if, within three years of the property being placed in service—

(i) The taxpayer claiming the section 30C credit modifies the property such that the property no longer qualifies as 30C property;

(ii) Unless the property is subject to section 6417(d)(2)(B) of the Code, the depreciable property (other than apportioned-use property) ceases to be used predominantly in a trade or business (that is, 50 percent or more of the use of the 30C property in a taxable year is for use other than in a trade or business);

(iii) For apportioned-use property, the 30C property completely ceases to be used in a trade or business, but continues to be used for personal use; or

(iv) The taxpayer claiming the section 30C credit sells or disposes of the 30C property and the taxpayer knows or has reason to know that the property will be used in a manner described in paragraph (b)(2)(i) or (ii) of this section. Any other sale or disposition (including a disposition by reason of an accident or other casualty) of 30C property is not a recapture event.

(3) *Property placed in service in a location that ceases to be in a qualified census tract.* 30C property is not subject to the recapture provisions of this paragraph (b) solely because it is placed in service in a location that

subsequently ceases to be in a qualified census tract.

(4) *Recapture amount—(i) In general.* The recapture amount is generally equal to the benefit of the section 30C credit allowable multiplied by a fraction, the numerator of which is three minus the number of years prior to, but not including, the recapture year, and the denominator of which is three.

(ii) *Special rule for apportioned-use property.* For purposes of the calculation described in paragraph (b)(4)(i) of this section with respect to apportioned-use property, the benefit of the section 30C credit is equal to the difference between the credit claimed by the taxpayer and the credit that would have been allowed if the apportioned-use property were used solely for personal use under § 1.30C-2(a)(2)(iii) (as limited by § 1.30C-2(a)(4)(i)(B)).

(5) *Basis adjustment.* As of the first day of the recapture year, the basis of the 30C property is increased by the recapture amount. For 30C property that is of a character that is subject to an allowance for depreciation, including property subject to section 6417(d)(2)(B), this increase in basis is recoverable over its remaining recovery period beginning as of the first day of the taxable year in which the recapture event occurs.

(c) *Property used by a tax-exempt or governmental entity—(1) In general.* Except as provided in paragraph (c)(2) of this section, if a person sells 30C property, the use of which is described in section 50(b)(3) or (4) (generally, property used by certain tax-exempt organizations, governmental entities, or foreign persons or entities), such person or entity purchasing the property uses the property as described in section 50(b)(3) or (4), the property is not subject to a lease, and the seller clearly discloses to the person or entity using such property in a document the amount of any credit allowable under section 30C(a) with respect to such property (determined without regard to section 30C(d)) and that the seller intends to claim such credit, then the seller is treated as the taxpayer that placed such property in service. For purposes of section 30C(d), property to which this paragraph (c)(1) applies will be treated as of a character subject to an allowance for depreciation.

(2) *Interaction with section 6417.* If the person or entity using 30C property in a manner that would otherwise be considered as described in section 50(b)(3) or (4) notifies the seller in writing of an intent to make an elective payment election pursuant to section 6417(a) with respect to the section 30C

credit, then the use of the 30C property is treated as not being described in section 50(b)(3) or (4) for purposes of paragraph (c)(1) of this section. As a result, paragraph (c)(1) will not apply, meaning that the seller will not be treated as having placed the 30C property in service and cannot claim any credit allowable under section 30C(a) with respect to such property. The section 30C credit will only be allowed to one taxpayer for the same 30C property.

(d) *Dual-use property*—(1) *Dual use property used for dispensing or storing qualified alternative fuel and conventional fuel.* In the case of dual-use property that is used to store and/or dispense both qualified alternative fuel and conventional fuel, the cost of the dual-use property is taken into account in computing a taxpayer's section 30C credit only to the extent such cost exceeds the cost of an equivalent conventional refueling property. For purposes of this paragraph (d)(1), equivalent conventional refueling property is conventional refueling property that is not used to store and/or dispense qualified alternative fuel but is otherwise comparable to the dual-use property and can store and/or dispense the same amount of conventional fuel as the dual-use property.

(2) *Qualified alternative fuel storage.* In the case of dual-use property that is used both to store qualified alternative fuel that is dispensed into the fuel tanks of motor vehicles at the location of the storage facility and to store fuel that is transported to other locations, the cost of the dual-use property is taken into account in computing a taxpayer's section 30C credit only to the extent such cost exceeds the cost of a storage facility that is equivalent to the dual-use property except that it is used for the sole purpose of storing qualified alternative fuel that is transported to other locations and can store the same amount of qualified alternative fuel as the dual-use property stores for transport to other locations.

(3) *Dual use property used to store or transmit electricity for charging a motor vehicle and for other purposes.* In the case of dual-use property that is used to store or transmit electricity both to charge a motor vehicle and for purposes other than charging a motor vehicle, the cost of the dual-use property is taken into account in computing the section 30C credit only to the extent such cost exceeds the cost of equivalent property used for purposes other than charging a motor vehicle.

(4) *Example*—(i) *Facts.* X, a qualified alternative fuel wholesaler and retailer, owns and operates retail qualified

alternative fuel filling stations. X maintains a regional hub where it stores qualified alternative fuel that it transports to its retail filling stations, using tanker trucks, for sale to customers. In 2024, X places in service a new storage tank to store qualified alternative fuel and a new fuel dispenser at its regional hub. X uses the new fuel dispenser to fill the fuel tanks of its tanker trucks (meaning it uses the fuel to power the tanker trucks in addition to transporting the fuel to retail locations). Because the amount of fuel used to power the tanker trucks is minimal compared to the fuel transported to the retail locations, the storage tank has the same capacity as the tank that would have been used for the sole purpose of storing the qualified alternative fuel that is supplied to X's customers. X's regional hub is in a non-urban area census tract as described in § 1.30C-2(c)(3).

(ii) *Analysis.* The storage tank and dispenser are 30C property within the meaning of § 1.30C-1(b)(1). Specifically, they are refueling property within the meaning of § 1.30C-1(b)(1)(i)(A) because they are used to store and dispense qualified alternative fuel into the fuel tanks of X's fuel tanker trucks. Additionally, the storage tank and dispenser meet the other requirements under § 1.30C-1(b)(1)(iii) because they are of a character subject to an allowance for depreciation (because X uses them in its trade or business), the original use of the property began with X, and X placed the property in service in an eligible census tract. However, the storage tank is dual-use property described in paragraph (d)(2) of this section because it is used both to store qualified alternative fuel that is dispensed into the fuel tanks of motor vehicles at the location of the storage facility (that is, the fuel used to power the tanker trucks) and to store fuel that is transported to other locations. Under paragraph (d)(2), the cost of the storage tank is taken into account in computing the section 30C credit only to the extent that cost exceeds the cost of the storage tank that would have been used for the sole purpose of storing the qualified alternative fuel that is transported to X's retail filling stations. Because no increase in the capacity of the storage tank is needed, none of the storage tank's cost is taken into account in computing the amount of the section 30C credit.

(e) *Applicability date.* This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the **Federal Register**].

■ **Par. 5.** Section 1.48-9, as proposed to be revised at 88 FR 82188 (November 22, 2023), is further amended by adding paragraph (e)(10)(vi) to read as follows:

§ 1.48-9 Definition of energy property.

* * * * *
(e) * * *
(10) * * *

(vi) *Property primarily used in the transportation of goods or individuals and not for the production of electricity.* Energy storage property is primarily used in the transportation of goods or individuals and not for the production of electricity, and therefore is not energy storage technology eligible for the section 48 credit, if a credit is claimed under section 30C for such property.

* * * * *

■ **Par. 6.** Section 1.48E-0, as proposed to be added at 89 FR 47792 (June 3, 2024), is further amended by adding an entry for § 1.48E-2(g)(6)(iv), in numerical order, to read as follows:

§ 1.48E-0 Table of contents.

* * * * *

§ 1.48E-2 *Qualified investments in qualified facilities and EST for purposes of section 48E.*

* * * * *
(g) * * *
(6) * * *

(iv) *Property primarily used in the transportation of goods or individuals and not for the production of electricity.*

* * * * *

■ **Par. 7.** Section 1.48E-2, as proposed to be added at 89 FR 47792 (June 3, 2024), is further amended by adding paragraph (g)(6)(iv) to read as follows:

§ 1.48E-2 Qualified investments in qualified facilities and EST for purposes of section 48E.

* * * * *

(g) * * *
(6) * * *

(iv) *Property primarily used in the transportation of goods or individuals and not for the production of electricity.* Energy storage property is primarily used in the transportation of goods or individuals and not for the production of electricity, and therefore is not EST eligible for the section 48E credit, if a credit is claimed under section 30C for such property.

* * * * *

■ **Par. 8.** Section 1.6417-0 is amended by revising the entry for § 1.6417-6(e) to read as follows:

§ 1.6417-0 Table of contents.

* * * * *

§ 1.6417-6 *Special rules.*

* * * * *
(e) Applicability dates.

■ **Par. 9.** Section 1.6417–6 is amended by:

- 1. Adding two sentences to the end of paragraph (b)(1).
- 2. Revising paragraph (e).

The addition and revision read as follows:

§ 1.6417–6 Special rules.

* * * * *

(b) * * *

(1) * * * For purposes of this paragraph (b)(1), if an applicable credit is subject to section 50, then section 50 applies without regard to section 50(b)(3) and (b)(4)(A)(i). If another provision of the Code contains a basis reduction and/or recapture provision outside of section 50 that impacts the available credit (such as sections 30C(e), 45Q(f)(4), and 48(a)(10)), then the rules of that provision of the Code and the regulations issued under that provision of the Code apply, except that any applicable credit continues to be determined without regard to section 50(b)(3) and (4)(A)(i) and by treating any property with respect to which such credit is determined as used in a trade or business of the applicable entity, consistent with section 6417(d)(2) and § 1.6417–2(c).

* * * * *

(e) *Applicability dates*—(1) *In general.* Except as provided in paragraph (e)(2) of this section, this section applies to taxable years ending on or after March 11, 2024. For taxable years ending before March 11, 2024, taxpayers, however, may choose to apply the rules of §§ 1.6417–1 through 1.6417–4 and this section, provided the taxpayers apply the rules in their entirety and in a consistent manner.

(2) *Paragraph (b)(1).* The second and third sentences of paragraph (b)(1) of this section apply to property placed in service in taxable years ending after [date of publication of final regulations in the **Federal Register**].

■ **Par. 10.** Section 1.6418–0 is amended under the heading § 1.6418–5 by:

- 1. Redesignating the entries for (g) through (j) as (h) through (k);
- 2. Adding new entry (g); and
- 3. Revising newly redesignated entry (k).

The addition and revision read as follows:

§ 1.6418–0 Table of contents.

* * * * *

§ 1.6418–5 Special rules.

* * * * *

(g) Notification and impact of recapture under section 30C(e)(5).

* * * * *

(k) Applicability dates.

■ **Par. 11.** Section 1.6418–5 is amended by:

- 1. Revising paragraph (c).
- 2. Redesignating paragraphs (g) through (j) as paragraphs (h) through (k), respectively.
- 3. Adding new paragraph (g).
- 4. Revising newly redesignated paragraph (k).

The revision and addition read as follows:

§ 1.6418–5 Special rules.

* * * * *

(c) *Basis reduction rules*—(1) *Section 50(c) basis reduction.* In the case of any transfer election under § 1.6418–2 or § 1.6418–3 with respect to any specified credit portion described in § 1.6418–1(c)(2)(ix) through (xi), section 50(c) will apply to the applicable investment credit property (as defined in section 50(a)(6)(A)) as if such credit was allowed to the eligible taxpayer.

(2) *Section 30C(e)(1) basis reduction.* In the case of any transfer election under § 1.6418–2 or § 1.6418–3 with respect to any specified credit portion described in § 1.6418–1(c)(2)(i), section 30C(e)(1) will apply to the 30C property as defined in § 1.30C–1(b)(1) as if such credit was allowed to the eligible taxpayer.

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(g) *Notification and impact of recapture under section 30C(e)(5)*—(1) *In general.* In the case of any election under § 1.6418–2 or § 1.6418–3 with respect to any specified credit portion described in § 1.6418–1(c)(2)(i), if, during any taxable year, a recapture event as described in § 1.30C–4(b)(2) occurs with respect to a 30C property as defined in § 1.30C–1(b)(1) within three years of being placed in service, such eligible taxpayer and the transferee taxpayer must follow the notification process in paragraph (g)(2) of this section with recapture impacting the transferee taxpayer as described in paragraph (g)(3) of this section.

(2) *Notification requirements.* The notification requirements for the eligible taxpayer and the transferee taxpayer are the same as for an eligible taxpayer and transferee taxpayer that must report notice of the occurrence of a recapture event and notice of the recapture amount as described in paragraphs (d)(2)(i) and (ii) of this section, respectively, except that the recapture amount that must be computed is defined in § 1.30C–4(b)(4).

(3) *Impact of recapture*—(i) *Section 30C(e)(5) recapture event.* The transferee taxpayer is responsible for any amount of tax increase under section 30C(e)(5) and § 1.30C–4(b)(4) upon the occurrence of a recapture event under § 1.30C–4(b),

provided that if an eligible taxpayer retains any amount of an eligible credit determined with respect to 30C property directly held by the eligible taxpayer, the amount of the tax increase under section 30C(e)(5) and § 1.30C–4(b)(4) that the eligible taxpayer is responsible for is equal to the recapture amount multiplied by a fraction, the numerator of which is the total credit amount that the eligible taxpayer retained, and the denominator of which is the total credit amount determined for the eligible credit property. The amount of the tax increase under section 30C(e)(5) that the transferee taxpayer is responsible for is equal to the recapture amount multiplied by a fraction, the numerator of which is the specified credit portion transferred to the transferee taxpayer, and the denominator of which is the total credit amount determined for the eligible credit property.

(ii) *Impact of section 30C(e)(5) recapture event on basis of 30C property held by eligible taxpayer.* The eligible taxpayer must increase the basis of the 30C property as defined in § 1.30C–1(b)(1) (as of the first day of the taxable year in which the recapture event occurs) by an amount equal to the recapture amount provided to the eligible taxpayer by the transferee taxpayer under paragraph (g)(2) of this section and the recapture amount on any credit amounts retained by the eligible taxpayer in accordance with section 30C(e)(5) and § 1.30C–4(b).

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(k) *Applicability date*—(1) *In general.* Except as provided in paragraph (k)(2) of this section, this section applies to taxable years ending on or after April 30, 2024. For taxable years ending before April 30, 2024, taxpayers, however, may choose to apply the rules of this section and §§ 1.6418–1 through 1.6418–3 provided the taxpayers apply the rules in their entirety and in a consistent manner.

(2) *Paragraphs (c)(2) and (g).* Paragraphs (c)(2) and (g) of this section apply to property placed in service in taxable years ending after [date of publication of final regulations in the **Federal Register**].

Douglas W. O'Donnell,
Deputy Commissioner.

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