



LEARN MORE ABOUT THE INFLATION REDUCTION ACT OF 2022 (IRA)

On August 16, 2022, the Inflation Reduction Act of 2022 (IRA) was signed into law. The IRA aims to reduce the deficit to fight inflation, reduce carbon emissions, and invest in domestic energy production and manufacturing. As the act is implemented, it is important to understand project eligibility and how tax credits will be obtained by public entities.

That's where MODUS comes in!

The Inflation Reduction Act of 2022 (IRA) presents a significant opportunity for public sector organizations to access unique funding options. State and local governments, schools, public utilities, and other tax-exempt organizations can benefit from tax credits through direct payments or tax credit transfers for qualifying clean energy projects.

The IRA revives wind and solar tax credits for utilities and consumers for ten years and offers enhanced credits for projects investing in low-income or energy communities. Consumers are now eligible for credits covering 30%-50% of expenses for photovoltaics, geothermal systems, and wind energy systems as well as incentives for many other clean energy technologies. The IRA expands eligibility to claim the "full" existing energy investment tax credit (ITC) incentives to certain projects that previously only qualified for a reduced ITC or did not qualify at all.

MODUS is excited about the project opportunities the IRA will open up to our communities. These credits enable you to invest in clean energy initiatives that positively impact your community, reduce your carbon footprint, and promote sustainability. To learn more about the feasibility of your specific situation, don't hesitate to reach out to us!

IRS Guidance on How to Receive a Payment:

1. Identify and pursue the qualifying project or activity.
2. Determine your tax year, if not already known.
3. Complete pre-filing registration with the IRS.
Upon completion, the IRS will provide you with a registration number for each applicable credit property.
You will need to provide that registration number on your tax return as part of making the elective pay election.
4. Satisfy all eligibility requirements for the tax credit and any applicable bonus credits, if applicable, for a given tax year you will need the documentation necessary to properly substantiate any underlying tax credit, including if bonus amounts increased the credit.
5. File Form 990-T by the due date (or extended due date) and make a valid elective payment election.

Additional Information is available here: <https://www.irs.gov/pub/irs-pdf/p5817d.pdf>

MODUS is not a certified public accountant (CPA) and does not provide tax advice. Please consult a qualified tax professional for your specific tax situation.



MODUS BELIEVES beyond all the high tech, detailed drawings, space-age materials and exact calculations, a building project comes down to people interacting with each other to create the best possible outcome.

