

IRS Issues Welcomed Guidance on Carbon Capture Tax Credit

“The IRS has issued much-awaited guidance regarding the Section 45Q credit,” reports David B. Blair, David J. Fischer, Teresa Abney and Eleanor Moran McWaters in Crowell Moring’s *Alerts & Newsletters*.

“In Revenue Procedure 2020-12, the IRS provided a safe harbor under which the IRS will treat partnerships as properly allocating the Section 45Q credit to investor-partners. In Notice 2020-12, the IRS issued guidance and safe harbors on the beginning of construction under Section 45Q, which permits credits only for projects for which construction begins before January 1, 2024. Taxpayers await proposed regulations on Section 45Q, which are expected to cover technical issues such as recapture and alternatives for secure geological storage.”

They discuss Section 45Q Background, Revenue Procedure 2020-12 and Notice 2020-12 in detail.

Read the article.