

Potential Extension of the Construction Safe Harbor Period Is Expected

“In a letter addressed to Senator Chuck Grassley, Chairman of the Senate Committee on Finance, Treasury indicates its intention to revise the rules governing the deadline for construction of wind and solar projects to qualify for the production tax credit (PTC) and investment tax credit (ITC). The expected revised guidance would provide much needed relief to projects struggling with construction delays due to the COVID-19 pandemic,” reports in White & Case’s *Publications & Events*.

“Pursuant to current rules, consistent with several IRS notices, in order to qualify for either the PTC or ITC, wind and solar developers need to “begin construction” by a specific date, either by beginning “physical work of a significant nature” or by paying or incurring capital expenditures of at least 5 percent of the total cost of the project.”

“Once construction has begun, developers must further satisfy an additional “continuity” requirement by making continuous efforts to complete the project (in the case of the five percent safe harbor) or by maintaining a continuous program of construction until the completion of the project (in the case of the physical work test).”

Read the article.