

U.S. Treasury Department – Inflation Reduction Act

SMALL BUSINESS TOOLKIT



THE INFLATION REDUCTION ACT (IRA)

The investments under the Biden-Harris Administration's Inflation Reduction Act are creating good-paying jobs, lowering energy costs, strengthening energy security, and delivering new and improved services to small business owners.

Lowering Costs For Small Businesses

Through tax incentives, and other funding, the IRA will lower costs that business owners face in their operations.

The IRA includes tax incentives and rebates focused on lowering energy costs:



Cut The Cost Of Building Upgrades

- Businesses that make energy efficiency improvements to buildings that they own, or lease can receive a tax deduction up to \$5.65 per square foot for depreciable improvements to lighting systems, HVAC/water systems, and the building envelope that reduce total annual energy and power costs of such systems.

Cut The Cost Of Energy Usage

- Businesses that install solar panels or battery storage, or make certain other clean energy investments, can save up to 30% of the installation cost via a tax credit, or more if bonuses apply.

Cut The Cost Of Vehicle Expenses

- Businesses that buy a qualifying commercial clean vehicles may qualify for a clean vehicle tax credit of up to \$7,500 for light (less than 14,000 pounds gross vehicle weight rating), or up to \$40,000 for heavier vehicles.

Cut The Cost Of Installing Refueling/Recharging For Clean Vehicles

- Businesses that install qualified vehicle refueling and recharging property, including electric vehicle charging equipment, may be eligible for a credit up to 30%

STEPS YOU CAN TAKE TO START SAVING

1. **Conduct an energy assessment:** An energy assessment will help you make informed energy decisions and implement energy-efficiency strategies.
2. **Calculate potential savings for clean energy projects:** Tools like EnergyStar's [Cash Flow Opportunity Calculator](#) can help you make decisions about when and how to finance energy efficiency projects.
3. **Find financing:** There are many ways to finance energy efficiency and renewable energy projects in your buildings. The Dept. of Energy's [Financing Navigator](#) can help you find the right one.
4. **Talk to a tax advisor:** Discuss whether your clean energy and energy efficiency projects are eligible for IRA tax incentives.

Learn more by visiting [Treasury.gov/IRA](https://www.treasury.gov/IRA)



THE INFLATION REDUCTION ACT (IRA)

Small Businesses Can Save Big Energy Efficiency For Small Businesses

Why improve the energy efficiency of your business?

Dollars saved through energy efficiency can directly impact your bottom line. According to EnergyStar.gov, small businesses that invest strategically can cut utility costs **10 to 30 percent**.

IRA tax provisions below might be able to help your business.



Energy-Efficient Commercial Buildings Deduction § 179D

- Tax deduction up to \$5.65 per sq. ft. for depreciable improvements to interior lighting systems, HVAC/water systems, and building envelope that reduce total annual energy and power costs of such systems.
- Available to commercial building owners or long-term lessees, including certain multifamily residential properties.
- Energy/power savings must be at least 25% (50% for maximum deduction).

Sinanian Development

Sinanian Development completed construction of a Holiday Inn Express in Glendale, CA in 2023. As a result of their energy efficient design, they were able to secure **\$371,239** in tax savings for the hotel construction through the 179D Energy Efficient Commercial Building Property Deduction.

The story above is from an entity that voluntarily chose to self-disclose their project information via public announcement, and it does not constitute federal tax information. In addition, this information has not been verified by the IRS or the Treasury Department.

New Energy-Efficient Homes Credit § 45L

- Up to \$5,000 business tax credit for construction of new energy-efficient homes or units in multifamily properties.
- Energy efficiency can result in lower monthly expenses.
- To qualify, contractors must meet relevant Energy Star National Program requirements or, for the maximum credit amount, Zero Energy Ready program requirements.
- Learn more about who qualifies as an “eligible contractor” for the 45L tax credit [here](#).

Learn more by visiting [Treasury.gov/IRA](https://www.treasury.gov/IRA)



THE INFLATION REDUCTION ACT (IRA)

Small Businesses Can Save Big

Clean Energy Investments and Manufacturing



The Pines Inn and Suites

Cory runs the Pines Inn and Suites in Arizona with his family. He was able to achieve essentially 70% off the solar installation cost with the help of a \$32,000 reimbursement from the Rural Energy for America Program (REAP) and \$23,000 in tax credits, both of which were made possible through the Inflation Reduction Act.

"I had no idea at the time...but it was nice to know that [my savings] were a direct result of the Inflation Reduction Act." - Cory Bruening, Owner

He estimates they will **save more than \$10,000 in energy bills** every year.

Businesses that are investing in clean energy projects may also save through the following IRA tax credits:

Investment or Production Tax Credits¹ - § 48, § 48E, § 45, § 45Y

- Business tax credits for investments in wind, solar, energy storage, and other types of clean energy investments.
- Investment credit is up to 30% of investment basis (can be more if bonus credits are applicable), while production credit is a per kilowatt-hour credit for electricity production.
- Can be accessed by state, local and tribal governments, tax-exempt entities, and other applicable entities via Elective Pay.

1. Transitions to Tech-Neutral tax credits in 2025

DID YOU KNOW?

To claim the full amount of clean energy incentives – increasing the value by 5 times – you may need to pay prevailing wages and utilize apprentices.

The IRA's Prevailing Wage and Apprenticeship (PWA) requirements increase the credit value of many of the clean energy tax credits if certain prevailing wage and apprenticeship requirements are met.

Learn more at [IRS.gov/PWA](https://www.irs.gov/PWA)

The story above is from an entity that voluntarily chose to self-disclose their project information via public announcement, and it does not constitute federal tax information. In addition, this information has not been verified by the IRS or the Treasury Department.

Learn more by visiting [Treasury.gov/IRA](https://www.treasury.gov/IRA)



THE INFLATION REDUCTION ACT (IRA)

Small Businesses Can Save Big

Increased Incentives that Support Communities and Workers

To ensure that investment reaches underserved communities, reinvests in energy communities, and includes good-paying wages for workers, the IRA also created new bonuses that increase the value of many clean energy incentives.

Energy Communities

- Provides increased credit amounts for clean energy projects located in areas that:
 - Have experienced the closure of a coal mine or coal-fired power plant;
 - Have had significant employment or local tax revenues from fossil fuels in the past and previous year's unemployment at or above the national average; or
 - Are brownfield sites.

Low-Income Communities Bonus Credit Program

- Provides increased credit amounts for clean energy investments with a maximum net output of less than five megawatts for projects:
 - In low-income communities;
 - On Indian land;
 - That are part of affordable housing developments; or
 - That are benefitting low-income households.
- This bonus requires an application and only projects that receive an award can claim the bonus.

Domestic Content

- The domestic content bonus applies to facilities built using the required amounts of domestically produced steel, iron, and manufactured products. This bonus incentive is **10% for production tax credits** or up to **10 percentage points for investment tax credits**.



DID YOU KNOW?

To claim the full amount of clean energy incentives –increasing the value by 5 times – you may need to pay prevailing wages and utilize apprentices.

The [IRA's Prevailing Wage and Apprenticeship \(PWA\) requirements](#) increase the credit value of many of the clean energy tax credits if certain prevailing wage and apprenticeship requirements are met.

This increased credit value can have significant financial impact to small businesses pursuing clean energy projects. It also means more good-paying clean energy jobs for American workers!

Learn more at [IRS.gov/PWA](https://www.irs.gov/PWA)



THE INFLATION REDUCTION ACT (IRA)

Small Businesses Can Save Big

Clean Vehicles and Refueling

Business owners might be able to use these two new federal tax credits to help offset costs to purchase certain clean vehicles (including electric, plug-in hybrid, and fuel cell vehicles).

For businesses, the credits are nonrefundable, so you can't get back more on the credit than you owe in taxes. However, they can be carried over to future years as a general business credit.

Commercial Clean Vehicle Tax Credit - § 45W

- Businesses that buy a qualifying commercial clean vehicle may qualify for a clean vehicle tax credit of **up to \$7,500** for most passenger vehicles, or **up to \$40,000** for heavier vehicles.

Alternative Fuel Vehicle Refueling Property Credit – § 30C

- Businesses that install qualified vehicle refueling and recharging property, including electric vehicle charging equipment, may be eligible for the Alternative Fuel Vehicle Refueling Property Tax Credit.
 - Property must be placed in service in an eligible low-income or non-urban census tract.
 - *Approximately two-thirds of Americans are in eligible census tracts!*
 - If Prevailing Wage and Apprenticeship (PWA) requirements are met during construction/installation, the credit is 30% of the cost of each item of property (including labor), compared to 6% without meeting PWA requirements².
2. Up to a maximum of \$100,000 per single item of property (meaning a charging port, fuel dispenser, or storage property).



Allegiant Electric

Andrea and Anthony Vigil started Allegiant Electric out of their home in 2015 with a mission of expanding southern Nevada's access to electric vehicle (EV) chargers, solar and battery storage services. Allegiant Electric has since provided over 200 local residential and commercial communities with EV charging systems.

"During a recent trip to Washington, D.C., I attended the White House Southwest Regional Business Briefing and left feeling encouraged about the administration's commitment to small businesses, including the tax credits available for EV installations from the U.S. Department of Treasury." -

Andrea Vigil, Allegiant Electric

The story above is from an entity that voluntarily chose to self-disclose their project information via public announcement, and it does not constitute federal tax information. In addition, this information has not been verified by the IRS or the Treasury Department.

Learn more by visiting [Treasury.gov/IRA](https://www.treasury.gov/IRA)



THE INFLATION REDUCTION ACT (IRA)

Providing better service for small businesses

A Modern IRS That Can Help You

The IRA investment gives the IRS the opportunity to meet the evolving needs of taxpayers:

- Through new digital services and platforms, including the Business Tax Account.
- Improved customer service with wait times down from 28 min. in 2022 to 3 min. in 2024.
- Expansion of online services, including the expanded Tax Pro Account for tax professionals filing on behalf of their clients.
- Improved communication with taxpayers through over 100 simplified notices.

Businesses can perform many of their required interactions with the IRS through their Business Tax Account (online).

The Internal Revenue Service is continuing to expand the features within Business Tax Account (BTA), an online self-service tool for business taxpayers that now provides new options for making payments easier, available in both English and Spanish.

BTA, which will continue to be developed in coming years, will eventually allow many types of business taxpayers to check their tax history, make payments, view notices, authorize powers of attorney and conduct other business directly with the IRS—all in one place. Learn more [here](#).

Who can use a Business Tax Account?

Business taxpayers who can currently activate and use their IRS Business Tax Account include:

- A sole proprietor who has an Employer Identification Number (EIN) issued by the IRS.
- An individual partner or individual S corporation shareholder with both:
 - A Social Security number or an individual tax ID number (ITIN).
 - A Schedule K-1 on file (for partners, from 2012-2023; for S corporation shareholders, from 2006-2023).

Learn more at: [Business tax account | Internal Revenue Service \(irs.gov\)](#)

What can you do with your Business Tax Account?

- View and make a payment toward a balance due by using a bank account. This includes a payment on a return filed for the current year as well as late payments for past tax years and Federal Tax Deposits.
- Schedule a payment for any business day for up to a year and cancel a scheduled payment.
- View recently processed payments, including payments made through the [Electronic Federal Tax Payment System \(EFTPS\)](#) online, wire transfers, checks or money orders, and see if any payments were returned or refused.
- Store multiple bank accounts in the online “wallet” to manage tax payments.
- Request a tax compliance check.
- Give account access to employees of the business.
- View and download transcripts for various payroll, income and excise tax returns.
- Sole proprietors can download business entity transcripts from their BTA account.
- View and download select digital notices.



THE INFLATION REDUCTION ACT (IRA)

Providing better service for small businesses

A Modern IRS That Can Help You

Modernizing Information Technology Systems And Expanding Online Services

The [IRS Energy Credits Online \(IRS ECO\) portal](#) allows businesses, such as car dealerships, and other tax-exempt entities registering for clean energy credit mechanisms provides a fully electronic way for users to register for a Clean Vehicle (CV) or Elective Payment/Transfer Election (EP/TE) account.

Within IRS ECO, users can submit CV Time-of-Sale reports, request advance payments, and register facilities and properties.

Simplifying How the IRS Contacts Taxpayers

The IRS has been shifting to resolve business taxpayer issues through simpler and more understandable notifications that are increasingly delivered online as well as through the mail. Through continued investment in the IRS through the IRA, Americans will see better service when they interact with the IRS, in the manner they choose—and the level they deserve.

BEFORE

AFTER

IRS Department of the Treasury
Internal Revenue Service
500 STREET NAME
CITY, ST #####

In reply refer to: A00000000
Rev. 00, YYYY LTR #####

FIRST LAST
STREET NAME
CITY ST #####

Social Security Number
or Individual Taxpayer
Identification Number: ###-##-####
Tax year: yyyy

Dear TAXPAYER:

We received your yyyy Form ### Federal Individual Income Tax return, but we need more information to process your return. Unless required otherwise, send us your reply within 30 days from the date of this letter.

Enclose only the information we requested and any forms, schedules, or other information required to support your return and a copy of this letter. Don't send a copy of your return unless we ask you to do so. Don't respond with a Form 1040-X, Amended U.S. Individual Income Tax return. We'll issue any refund due to you in 6 to 8 weeks from the time we receive your response. If we don't receive a response from you, we may have to increase the tax you owe or reduce your refund.

Find tax forms or publications by visiting [www.irs.gov/forms](#) or calling 800-TAX-FORM (800-829-1074). Enclose only the information we requested and any forms, schedules, or other information required to support your return and a copy of this letter. Don't send a copy of your return unless we ask you to do so. Don't respond with a Form 1040-X, Amended U.S. Individual Income Tax Return. We'll issue any refund due to you in 6 to 8 weeks from the time we receive your response. If we don't receive a response from you, we may have to increase the tax you owe or reduce your refund.

Find tax forms or publications by visiting [www.irs.gov/forms](#) or calling 800-TAX-FORM (800-829-1074).

Your copy may be blank, illegible, missing, or damaged, and we can't process it. Resend the original completed form along with your original signature and all applicable schedules, forms and attachments.

If you have questions about this letter, call the appropriate telephone numbers listed below:

- 1-800-###-#### (Individuals-Page Owners)
- 1-800-###-#### (Individuals-Self-Employed/Business Owners)
- 1-800-###-#### (telecommunication device for the deaf, TDD)
- 1-800-###-#### (outside of the United States) not toll free

If you prefer, you can write to us at the address shown at the beginning of this letter.

If you want to send the information to her, our fax number is #####-#####

Department of the Treasury
Internal Revenue Service
www.irs.gov/irs
City, State, Zip

2D Barcode

IRS Notice #####

Your service identifier - Open/Resolved

TAXPAYER NAME
ADDRESS
CITY, STATE ZIP

mailing, etc

You need to **take action** on your [YYYY] Form [#####] tax return.

[Comment for why IRS is reaching out to the taxpayer.]

What you need to do immediately

1. [Instructions for Step 1]
2. [Instructions for Step 2]
3. [Instructions for Step 3]

Scan the QR code to the right to visit [IRS.gov/102](#) for more information.

What comes next after you take action

[Explanation of what the IRS will do after taxpayer takes action.]

To learn more:

- Visit [IRS.gov/forms/102](#)
- Check out Schedule 1028 instructions on [IRS.gov/1028](#)
- You can also find tax forms and instructions online at [IRS.gov/forms](#) or call 800-TAX-FORM (800-829-1074).
- If you can't find what you need online, contact us at 1-855-455-7800.

