

Treasury's Guiding Principles for Implementation

- 1 Robust and Broad Public Engagement:** Treasury will engage a broad spectrum of taxpayers, stakeholders, and communities to inform guidance and rulemaking
 - We have begun the process of soliciting comments from the public on key provisions
 - Over the coming weeks, we will be convening stakeholder roundtables to hear directly from a wide range of voices, including industry, labor unions, climate and environmental justice advocates, and others
- 2 Clarity and Certainty:** Treasury will work expeditiously to provide clarity and certainty to taxpayers, so the climate and economic benefits of this historic legislation can be felt as quickly as possible
 - For example, in August, Treasury and the IRS immediately issued initial guidance on the electric vehicle tax credit and worked closely with the Department of Transportation and Department of Energy so taxpayers could easily find a list of eligible vehicles online
- 3 Sound Stewardship:** Treasury will work closely with the IRS to put in place effective guardrails and reporting to ensure the benefits are delivered as Congress intended
 - Treasury is committed to ensuring that as many eligible taxpayers as possible benefit from the incentives provided by law while protecting against fraud and abuse

Notice Topics and Provisions Covered

Notice Topic	Provisions Covered	Link
Energy Generation Incentives	Production Tax Credit, Investment Tax Credit, Zero-Emission Nuclear Credit, Clean Electricity Production Credit, Clean Electricity Investment Credit, Low Income Community Adder to Investment Tax Credit	https://www.irs.gov/pub/irs-drop/n-22-49.pdf
Credit Enhancements	Prevailing Wage, Apprenticeship, Domestic Content, Energy Communities provisions that increase the value of multiple credits	https://www.irs.gov/pub/irs-drop/n-22-51.pdf
Incentives for Homes and Buildings	Energy Efficient Home Improvement Credit, Residential Clean Energy Credit, New Energy Efficient Home Credit, Energy Efficient Commercial Building Deduction	https://www.irs.gov/pub/irs-drop/n-22-48.pdf
Consumer Vehicle Credits	Clean Vehicle Credit, Credit for Pre-Owned Clean Vehicles	https://www.irs.gov/pub/irs-drop/n-22-46.pdf
Manufacturing Credits	Advanced Energy Project Credit, Advanced Manufacturing Production Tax Credit	https://www.irs.gov/pub/irs-drop/n-22-47.pdf
Credit Monetization	Direct Pay, Transfer of Certain Credits	https://www.irs.gov/pub/irs-drop/n-22-50.pdf

Question #1: How do Treasury and the IRS implement tax law changes?

- Treasury and the IRS work together to administer the tax laws enacted by Congress, by providing **rules, definitions, and guardrails** that implement those statutes and by providing taxpayers with information on how to **report and comply** with the law
- Potential types of implementing guidance include:
 - Treasury regulations
 - Notices, Revenue Procedures, Revenue Rulings, and Announcements (sometimes referred to as sub-regulatory guidance or Internal Revenue Bulletin ("I.R.B.") guidance)
 - IRS forms, instructions, and publications
 - FAQs, news releases, facts sheets, etc.
- The type of guidance issued will **vary based on the provision of the law and the context**
- **For many of the most significant issues, Treasury and the IRS will promulgate regulations**

Question #2: What is the process for developing Treasury regulations and guidance?

- In general, the **process for developing Treasury regulations** consists of:
 1. Gathering information and analyzing issues to be covered by the regulations;
 2. Publishing a proposed regulation ("Notice of Proposed Rulemaking," or NPRM);
 3. Allowing interested stakeholders to comment on the proposed regulation;
 4. If requested by the public, allowing stakeholders to publicly comment at a Treasury/IRS hearing;
 5. Carefully considering comments received; and
 6. Publishing a final regulation that responds to all relevant comments received on the proposed regulation.
- The **Notices issued on October 5 provide an earlier, additional opportunity for stakeholders to submit written comments** that can inform ongoing work to implement the law. Stakeholders and the public will have **further opportunities to provide input** during the implementation process.
- Treasury and IRS can also issue **sub-regulatory guidance** in appropriate circumstances
- Depending on when received, comments in response to the Notices may inform multiple phases of guidance

Question #3: How long will this process take, and what should I do if I am hoping to start a project before regulations are finalized?

- Treasury is committed to **working expeditiously to provide clarity and certainty** to taxpayers and other stakeholders, so the climate and economic benefits of this historic legislation can be felt as quickly as possible
- **We expect to issue initial guidance on key issues in the coming months**
- For regulations:
 - The **exact timeline for issuing regulations will vary** depending on the complexity of the provision being implemented and the volume of stakeholder comments received in response to a Notice of Proposed Rulemaking
 - Historically, for new and complex provisions in the tax code that receive robust stakeholder interest and are heavily prioritized, the **timeline from enactment of the statute to a final regulation can take anywhere from 18-36 months**. This was true following enactment of both the ACA and the TCJA.
 - This timeframe for final regulations does not mean that taxpayers will need to wait that long for guidance they can rely upon. Before regulations are finalized, taxpayers may rely on proposed Treasury regulations **if such proposed regulations contain an express statement permitting reliance**.
- Treasury and the IRS recognize the need to **provide clarity and certainty to taxpayers as quickly as possible**, while following the **statutorily required administrative steps** and being responsive to public input

Question #4: How can I engage in this process?

- For stakeholders seeking to engage in the implementation process, the **immediate next step will be to provide written comments in response to the six Notices** issued by the IRS
- In cases where Treasury and the IRS issue proposed regulations, stakeholders will have **further opportunities to provide written comments**, and if a hearing is requested, **comment publicly at a Treasury/IRS hearing**
- In general, **detailed written comments will be the best way to provide input in the process**
 - Treasury will generally ask stakeholders seeking meetings to provide issue descriptions in advance or comments in writing

Helpful Links

- Understanding IRS Guidance – A Brief Primer, <https://www.irs.gov/newsroom/understanding-irs-guidance-a-brief-primer>
- Notices requesting comment
 - Energy Generation Incentives: <https://www.irs.gov/pub/irs-drop/n-22-49.pdf>
 - Credit Enhancements: <https://www.irs.gov/pub/irs-drop/n-22-51.pdf>
 - Incentives for Homes and Buildings: <https://www.irs.gov/pub/irs-drop/n-22-48.pdf>
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