

Final regulations address transferability of credits

The Treasury Department and the Internal Revenue Service this week issued final regulations (T.D. 9993) under section 6418, which was added to the tax code under the Inflation Reduction Act of 2022 (P.L. 117-169) and provides that “eligible taxpayers” may elect to transfer (*i.e.*, sell) certain credits to unrelated taxpayers rather than using the credits against their federal income tax liabilities.

URL: <https://www.taxnotes.com/research/federal/treasury-decisions/final-regs-provide-guidance-transfer-certain-credits/7jgd4>

URL: <https://www.taxnotes.com/research/federal/legislative-documents/public-laws-and-legislative-history/inflation-reduction-act-of-2022-%28p.l.-117-169%29/7dybc>

The regulations finalize, with limited modifications, regulations proposed under section 6418 (REG-101610-23) and removed the temporary regulations (T.D. 9975) setting forth mandatory information and registration requirements for transfer elections that were released on June 14, 2023.

URL: <https://www.taxnotes.com/research/federal/proposed-regulations/proposed-regs-provide-guidance-on-transfer-of-certain-credits/7gw63>

URL: <https://www.taxnotes.com/research/federal/treasury-decisions/temporary-regs-provide-prefiling-registration-requirements-for-some-credit-elections/7gw62>

The final regulations are effective on July 1, 2024. Specifically, the final regulations would apply to taxable years ending on or after April 30, 2024, and, except for Treasury Reg. section 1.6418-4 (rules regarding pre-filing instructions and elections), taxpayers may choose to apply the final regulations to taxable years ending before April 30, 2024, provided the taxpayers apply the rules in their entirety and consistently.

URL: <https://www.taxnotes.com/research/federal/cfr26/1.6418-4>

Find out more

A new alert from Deloitte Tax LLP describes the provisions in the final regulations.

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/TNV/240503_2_suppA.pdf

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