

## GENERAL

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- It is a tax credit for businesses which invest in eligible property designed to produce property which will be used for:
- producing energy from renewable sources
  - producing electric vehicles
  - conserving energy or
  - capturing or sequestering greenhouse gases.
- An example is building or expanding a factory to make geothermal pumps or wind turbines.
- Because the credit was enacted as section 48C of the Internal Revenue Code (Title 26 of the U.S. Code), it is sometimes referred to as the section 48C (§ 48C) credit.
- The credit amount is 30% of qualified investment in selected manufacturing facilities. Taxpayers must apply in advance and have their facilities selected to be eligible for the credit.
- A total of \$150,228,397 is available. The maximum credit for any single project is limited to \$30 million. See the Application section below and sections 2.05 and 4.02(3) of Notice 2013-12.
- This is a tax credit which can be applied against a tax liability. The § 48C credit can reduce your federal income tax liability to zero, but it is not refundable, and it is not a grant like the grants issued by Treasury Department under § 1603 of the American Recovery and Reinvestment Act.
- See Notice 2013-12. To summarize, the steps in the process are these:
- The taxpayer applies for the credit.
  - If approved, the IRS sends the taxpayer a letter allocating a credit to the taxpayer's project.
  - The taxpayer sends the IRS two signed copies of the required agreement (Appendix A of Notice 2013-12).
  - The IRS signs the two copies of the agreement and returns one to the taxpayer.
  - Within 1 year of the date of the allocation letter, the taxpayer sends the IRS a request for certification of its project
1. What is the Qualifying Advanced Energy Project credit?

It is a tax credit for businesses which invest in eligible property designed to produce property which will be used for:

    - producing energy from renewable sources
    - producing electric vehicles
    - conserving energy or
    - capturing or sequestering greenhouse gases.

An example is building or expanding a factory to make geothermal pumps or wind turbines.
  2. How much in tax credits is available?

Because the credit was enacted as section 48C of the Internal Revenue Code (Title 26 of the U.S. Code), it is sometimes referred to as the section 48C (§ 48C) credit.

The credit amount is 30% of qualified investment in selected manufacturing facilities. Taxpayers must apply in advance and have their facilities selected to be eligible for the credit.

A total of \$150,228,397 is available. The maximum credit for any single project is limited to \$30 million. See the Application section below and sections 2.05 and 4.02(3) of Notice 2013-12.
  3. Is this a tax credit or do you receive cash back?

This is a tax credit which can be applied against a tax liability. The § 48C credit can reduce your federal income tax liability to zero, but it is not refundable, and it is not a grant like the grants issued by Treasury Department under § 1603 of the American Recovery and Reinvestment Act.

See Notice 2013-12. To summarize, the steps in the process are these:

    - The taxpayer applies for the credit.
    - If approved, the IRS sends the taxpayer a letter allocating a credit to the taxpayer's project.
    - The taxpayer sends the IRS two signed copies of the required agreement (Appendix A of Notice 2013-12).
    - The IRS signs the two copies of the agreement and returns one to the taxpayer.
    - Within 1 year of the date of the allocation letter, the taxpayer sends the IRS a request for certification of its project
  4. What is the process for getting a section 48C tax credit?

This is a tax credit which can be applied against a tax liability. The § 48C credit can reduce your federal income tax liability to zero, but it is not refundable, and it is not a grant like the grants issued by Treasury Department under § 1603 of the American Recovery and Reinvestment Act.

See Notice 2013-12. To summarize, the steps in the process are these:

    - The taxpayer applies for the credit.
    - If approved, the IRS sends the taxpayer a letter allocating a credit to the taxpayer's project.
    - The taxpayer sends the IRS two signed copies of the required agreement (Appendix A of Notice 2013-12).
    - The IRS signs the two copies of the agreement and returns one to the taxpayer.
    - Within 1 year of the date of the allocation letter, the taxpayer sends the IRS a request for certification of its project

documenting its progress implementing the project.

- If the IRS approves it sends the taxpayer a certification letter.
- Within 3 years of the date of the certification letter, the taxpayer completes its project and notifies the IRS.

See the FAQs below for information on each step of the process.

5. How do I apply?

See the Application section below.

6. When is the deadline to apply?

Concept papers must be submitted by April 9, 2013. See the Application section below and section 5 of Notice 2013-12.

7. How much time do taxpayers have to complete their projects?

Taxpayers must place their projects in service within 3 years of the date the IRS issues the certification letter described in section 6 of Notice 2013-12 and in the Certification section below.

8. May I change my project after I apply?

See the Changes section below.

9. Is the tax credit transferable?

The tax credit is generally not transferable. See the discussion regarding successors in interest in Agreement Question 10.

10. May I sell or transfer my project?

See the answer to Agreement Question 10.

11. How do I use the credit?

See the Using the Credit section below.

12. May I have someone represent me in dealing with the IRS regarding this credit?

Yes, you can authorize one or more persons to represent you by completing [Form 2848](#), Power of Attorney and Declaration of Representative. See the [Instructions for Form 2848](#), Power of Attorney and Declaration of Representative. The form and instructions also are available in the electronic application system. You and the person(s) you authorize must sign the form. Submit the completed form by uploading it into the application system with the other documents you submit. See the Application section below.

13. Whom do I contact if I have a general question about this tax credit?

Send questions via fax to IRS point of contact Marc Bernabo at (713) 209-3964 or leave a telephone message at (713) 209-3669. Include your fax number and telephone number in your fax or telephone message.

14. Will these FAQs be updated?

Yes, IRS and the Department of Energy will update them as they receive questions.

**Question 1:** 48C Phase II Program FAQs as of February 20, 2013 – Eligibility Information  
**Answer 1:**

# ELIGIBILITY

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1. What types of technologies are eligible?

See the eight following rows, which are printed in **THIS FONT**.

**SPECIFIED ADVANCED ENERGY PROPERTY  
(SAEP)**

**EXAMPLE TECHNOLOGIES (THIS LIST IS PROVIDED FOR  
ILLUSTRATIVE PURPOSES ONLY - ELIGIBILITY IS NOT  
LIMITED TO THESE SPECIFIC EXAMPLES)**

Property designed to be used to produce energy from the sun, wind, geothermal deposits (within the meaning of section 613(e)(2)), or other renewable resources

- Polysilicon, ingots, wafers, cells, consumable processing materials (specific to solar manufacturing), modules, module components, inverters, turnkey manufacturing lines, mirrors, thermal storage components, components of trough, tower, dish, or LFR systems.
- Blades, towers, gear boxes, controllers, generators, other wind turbine components.
- Jacks, rigs, pumps, drills (specific to the geothermal industry), anti-corrosive coatings, modular binary plant components, components specific to energy recovery from co-produced fluids.
- Marine and hydrokinetic technologies, such as wave, tidal, current, and ocean thermal energy technologies, and related components.

Fuel cells, microturbines, or an energy storage system for use with electric or hybrid-electric motor vehicles

- Low and high temperature fuel cell components, membrane electrode assemblies, fuel cell system assemblies for stationary or transportation power.
- Microturbines and component technologies.
- Batteries for electric or hybrid-electric motor vehicles.

Electric grids to support the transmission of intermittent sources of renewable energy, including storage of such energy

Smart grid technologies, energy storage or demand response technologies that directly support the transmission of intermittent sources of renewable energy.

Property designed to capture and sequester carbon dioxide emissions

CO<sub>2</sub> separation membranes, physical and chemical solvents and absorbents, advanced compressor technologies optimized for CCS.

Property designed to refine or blend renewable fuels or to produce energy conservation technologies (including energy-conserving lighting technologies and smart grid technologies)

- Mass-produced components specifically designed for bio-refinery facilities, standalone modular biomass power units.
- Advanced HVAC, energy-conserving lighting, building envelope materials and systems, residential heat pump water heaters, intelligent control technologies, other technologies designed to conserve energy.

- Mass produced components for super boilers, isothermal melters, waste-heat recovery systems, CHP units.

New qualified plug-in electric drive motor vehicles (as defined by section 30D), qualified plug-in electric vehicles (as defined by section 30(d)), or components which are designed specifically for use with such vehicles, including electric motors, generators, and power control units

Electric and certain hybrid-electric vehicles and components, including controllers, electric motors, advanced fuel injection (direct injection or lean burn), advanced light-weighting materials and designs.

Other advanced energy property designed to reduce greenhouse gas emissions as may be determined by the Secretary

- Technologies designed to increase the substitution of clinker by mineral components in cement.
- Methane capture technologies.

2. Does an entire plant have to be dedicated to manufacturing a single Specified Advanced Energy Property (SAEP)?

Your plant may produce both SAEP and other property. Remember that the tax credit is for equipment used in manufacturing only the SAEP, not other property, and not for the structural components of the building.

3. What is the earliest date a manufacturing project could be placed in service and qualify for the section 48C credit?

February 18, 2009.

4. Are foreign companies eligible for this credit?

Yes, as long as the manufacturing facility is or will be located in one of the 50 states or in the District of Columbia.

5. Does it matter where the Specified Advanced Energy Property (SAEP) produced by the manufacturing plant will be shipped to and used?

No, the the final destination of the SAEP does not matter. The purpose of the credit is to increase domestic creation of manufacturing, not necessarily increasing domestic use of the SAEP.

6. Are building upgrades eligible?

Buildings or the structural components of the buildings are not eligible property for the § 48C credit. The tax credit is not based on the components of the manufacturing facility, only the tangible property going into that facility.

7. Would a newly formed company with no tax history be eligible for the § 48C credit?

Yes. The credit is based on eligible property placed in service in a taxable year rather than the taxpayer's tax history. See Application Question 15 for the definition of eligible property.

8. May I get a tax credit under section [48](#), [48A](#) or [48B](#) of the Internal Revenue Code or a payment under section 1603 of the American

Not for the same project. If you choose one of the other credits or a grant, you must forfeit this credit and notify the IRS by letter that you have chosen to forfeit this credit.

Recovery and Reinvestment Act of 2009 for my project in addition to the § 48C credit?

9. Am I eligible for the § 48C credit if I received a grant or loan under other manufacturing-related funding opportunities in the American Recovery and Reinvestment Act of 2009 (ARRA) or received a loan guarantee under another DOE program?

Section 48C does not prohibit allocating a § 48C credit to an applicant which received a grant or loan under other ARRA provisions or a loan guarantee under another DOE program. However, you also should look at the rules under the federal grant or loan program.

10. If I did not receive a § 48C credit for my facility in the first allocation round in 2009-2010 and have since placed my eligible property in service, am I eligible for the § 48C credit in the second allocation round?

Yes. Eligible property placed in service before February 17, 2009, are not eligible, but those placed in service since then are eligible.

11. I am concerned that I will not be able to place the eligible property for which I received a § 48C credit in the first allocation round in 2009-2010 in service by the deadline. Am I eligible for the § 48C credit in the second allocation round in 2013?

Yes, you are eligible, but you may not receive the credit twice for the same eligible property. If you are allocated a credit in the second round you must forfeit the credit allocated in the first round. You are not assured that your application in the second round will be allocated a credit just because your first round application was. The second round is a new competition.

12. Does a manufacturer of component parts of advanced technology nuclear power plants qualify for the credit?

That technology qualifies as Specified Advanced Energy Property (SAEP), and manufacturing component parts of SAEP is eligible.

13. Are charging stations for electric vehicles eligible?

Only eligible property producing the charging station hardware would be eligible. This technology could apply under the fuel savings category by assuming a standard level of performance for the "average PHEV or EV performance." See Application Question 15 for the definition of eligible property.

14. Is a biorefinery or biofuel eligible?

No. Internal Revenue Code section 48C(c)(2) excludes buildings and structural components from the definition of eligible property. It specifies that property must be tangible personal property or other tangible property, not real estate. As a result of being excluded by the definition of eligible property, a biorefinery cannot be a qualifying advanced energy project. A qualifying advanced energy project is limited, in part, to property used in the refining or blending of renewable transportation fuel, as opposed to the fuel itself. Therefore,

biofuel is not eligible for the tax credit.

- Can qualified investment in a prototype manufacturing facility qualify when the
15. production of these prototypes must be proven before large scale commercial production can begin?

The credit is for products that are commercialized, not pilot or prototype projects.

- If a project which was awarded credits in Phase I based on expected qualified investment of \$4.5 million has been expanded to qualified investment of over \$7 million, is the company eligible to apply for a Phase II credit? How much may the company apply for?
- 16.

The company is eligible to apply. If it applies for a credit based on qualified investment of \$7 million in Phase II and is allocated a credit based on \$7 million of qualified investment in Phase II, it must forfeit the credit based on qualified investment of \$4.5 million which it was allocated in Phase I. If it applies for a credit based on qualified investment of \$2.5 million (\$7 million - \$4.5 million) in Phase II and is allocated a credit based on qualified investment of \$2.5 million in Phase II, it does not need to forfeit the credit it was allocated in Phase I.

**Question 3:** 48C Phase II Program FAQs as of February 20, 2013 – Application (Concept Paper) Information  
**Answer 3:**

## APPLICATION

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1. Will the application procedures be the same as in the first allocation round? No, they are different. See sections 4 and 5 of Notice 2013-12 and section IV of Appendix B of Notice 2013-12.
2. Will applications submitted for the first allocation round be considered in the second allocation round? No, only new applications will be considered. New applications for projects that were not allocated a credit in the first round may be submitted in the second allocation round.
3. How do I apply? Applying is a two-part process. The first part is the concept paper application, and the second part is the full application. To reduce burden on taxpayers, only those who submit top scoring concept papers will be invited to submit full applications. Both applications are entirely electronic. See sections 4 and 5 and Appendix B of Notice 2013-12 and section IV of Appendix B of Notice 2013-12. Go to this internet address to apply: <https://eere-exchange.energy.gov>.
4. What steps are required to apply? The following paragraphs summarize the process. See section IV of Appendix B of Notice 2013-12 for a complete description.
- The first step in the process is to register as an applicant in the eXCHANGE electronic application system (<https://eere->

[exchange.energy.gov](https://eere-exchange.energy.gov)) by creating a user name and password. Once your account is established, you can click on Funding Opportunity Announcement 48C-0002013, select Apply, enter the information and upload the files required for the concept paper, following the instructions on the input screens. You must submit your concept paper and the required documents by April 9, 2013.

The Department of Energy (DOE) will notify applicants whose concept paper applications are accepted and invite them to submit full applications. It expects to issue those invitations by June 4, 2013. Full applications will be due by July 23, 2013. Full applications will not be accepted from other applicants. To submit a full application, go to : <https://eere-exchange.energy.gov>, log in, select Funding Opportunity Announcement 48C-0002013, select Apply, then enter the information and upload the files required, following the instructions on the input screens. You must submit your full application by July 23, 2013.

Each applicant will receive an electronically generated confirmation of receipt upon submission of the concept paper and the full application. The timeliness of submission of the applications will be determined by the date shown on the confirmation of receipt.

The IRS will receive copies of all concept papers and full applications so you do not need to send a separate application to the Service.

5. Is there a limit on the number of projects for which a taxpayer may submit applications? **There is no limit.**
6. Must I provide all the information requested? Yes. If you don't provide all the information requested in the eXCHANGE input screens, your application will not be considered.
7. Must I enter all the information required at one time? No, for both concept paper application and full application you can enter some information, save your application and come back to it later to enter more information, upload files and submit it.
8. Whom do I contact if I have a general question about the application process? Send questions via fax to IRS point of contact Marc Bernabo at (713) 209-3964 or leave a telephone message at (713) 209-

3669. Include your fax number and telephone number in your fax or telephone message.
9. Where are instructions for the electronic application system?  
See the eXCHANGE User Guide at this internet address:  
<https://eere-exchange.energy.gov/Manuals.aspx>.
10. How can I get help with the eXCHANGE system?  
Send your question in an email message to [eere-exchangesupport@hq.doe.gov](mailto:eere-exchangesupport@hq.doe.gov).
- For non-technical information, send your questions via fax to IRS point of contact Marc Bernabo at (713) 209-3964 or leave a telephone message at (713) 209-3669. Include your fax number and telephone number in your fax or telephone message.
11. Where can I find an explanation of what information is to be included in the application?  
For technical information, see Appendix B of Notice 2013-12 for definitions and explanations of the technical information required. If you still have a question send it by fax to IRS point of contact Marc Bernabo at (713) 209-3964 or leave a telephone message at (713) 209-3669. Please include both your fax number and telephone number in your message.
12. What can I do to increase the chances my application will be selected?  
Follow the instructions in Appendix B of Notice 2013-12 carefully, and review the selection process in sections II, III, and IV.F of Appendix B. If you are uncertain about something, send your question via fax to IRS point of contact Marc Bernabo at (713) 209-3964 or leave a telephone message at (713) 209-3669. Include your fax number and telephone number in your fax or telephone message.
13. What if I believe that my Concept Paper contains trade secrets or other confidential information?  
Language for marking information “confidential” is provided in Notice 2013-12, Appendix B.
14. What is qualified investment?  
The qualified investment is the investment on which the amount of the tax credit is based. It is defined in section 48C(b) of the Internal Revenue Code as “the basis of eligible property placed in service by the taxpayer during such taxable year which is part of a qualifying advanced energy project.” IRS Publication 551, Basis of Assets, may be helpful for determining basis. See the next question for the definition of eligible property.
15. What is eligible property?  
It is defined in section 48C(c)(2) of the Internal Revenue Code

as any property:

(A) which is necessary for the production of Specified Advanced Energy Property (listed in Eligibility Question 1)

(B) which is:

(i) tangible personal property or

(ii) other tangible property (not including a building or its structural components), but only if such property is used as an integral part of the qualified investment credit (section 48C) facility, and

(C) with respect to which depreciation (or amortization in lieu of depreciation) is allowable.

- What assumptions are acceptable regarding the current cost of technology, such as, the average cost of a multiple megawatt wind turbine system versus what the cost will be in three or five years when larger turbines are installed using our components?
16. In general you should use the cost assumptions which are represented for your technology and substantiate those assumptions in the narrative.
- Can the location of a facility to manufacture Specified Advanced Energy Property be changed after a Concept Paper is submitted?
17. The project's location must be selected when the Concept Paper is submitted. The location must remain the same in the Full Application (if the taxpayer is invited to submit one).
- If a partnership is formed to invest in a project, should the partnership apply for the credit, or should each individual partner apply?
18. If the partnership is the owner of the project then the partnership should apply for the credit.
- In the eXCHANGE input screens to submit a Concept Paper does "location(s) of work" mean where the manufacturing facility(ies) will be located?
19. Yes.

**Question 4:** 48C Phase II Program FAQs as of February 20, 2013 – Agreement Information  
**Answer 4:**

## AGREEMENT

When is the agreement due?

The due date for sending the agreement to the IRS in the second allocation round is January 10, 2014.

Where can I find the agreement?

A link to a template in Microsoft Word format is on the IRS

Qualified Advanced Energy Project Credit home page at [http://www.irs.gov/Businesses/Advanced-Energy-Credit-for-Manufacturers-\(IRC-48C\)](http://www.irs.gov/Businesses/Advanced-Energy-Credit-for-Manufacturers-(IRC-48C)). The agreement also is contained in Appendix A of Notice 2013-12.

Is a separate agreement required for each project which is allocated a credit?

Yes.

The agreement must be signed and dated by a person authorized to bind the applicant such as an officer of a corporation, a general partner of a state-law partnership, a member-manager of a limited liability company, a trustee of a trust, or the proprietor of a sole proprietorship. An authorization to represent the taxpayer such as [Form 2848](#), Power of Attorney and Declaration of Representative by itself does not authorize that representative to sign the agreement. Only original, ink signatures will be accepted. Stamped, faxed, scanned or other copied signatures will not be accepted.

Who must sign the agreement?

Send two (2) copies of the agreement, each with an original, dated signature, to this address:

Where do I send the agreement?

Internal Revenue Service  
Industry Director, Natural Resources and Construction  
Attn: Executive Assistant (Technical)  
1919 Smith Street, Floor 23  
Mail Stop 1000-HOU  
Houston, TX 77002

May I change the terms of the agreement?

No, the IRS will not accept an agreement that has been altered except for filling in the blanks.

When will the IRS return the agreement to me?

The IRS plans to mail the signed agreements to taxpayers by March 14, 2014.

What will happen if I don't sign the agreement?

You will forfeit the credit.

Must I sign the agreement if I have already placed my project in service?

Yes, you must sign the agreement or forfeit all of the credit allocated to the project.

If I sell or transfer the project, does the new owner need to execute an agreement for the credit with the IRS?

If you sell or transfer ownership of the project, you and the new owner must write to the IRS at the address in the answer to Agreement Question 5, describe the transaction and enclose copies of key documents. The IRS will decide whether to

If a partnership's application for the section 48C credit is accepted and later it restructures to become a C corporation, would this restructuring have any effect on its credit allocation?

execute an agreement with the new owner.

Only the taxpayer that enters into an agreement with IRS is allowed the 48C credit. A new owner of the facility (a "successor in interest") must ask IRS to execute a new agreement with it. In addition, if the applicant's business restructuring constitutes a significant change, then any allocation or certification may be void.

Will the IRS tell me in advance whether it will execute a new agreement if I sell or transfer my project?

The process for obtaining a formal ruling on a future transaction is to apply for a letter ruling. See [Revenue Procedure 2013-1](#). for those procedures. For an informal discussion of ownership changes, you can contact the office of the Industry Director, Natural Resources and Construction, at 713-209-3669.

**Question 5:** 48C Phase II Program FAQs as of February 20, 2013 – Certification Information  
**Answer 5:**

## CERTIFICATION

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What is certification?

Section [48C\(d\)\(2\)](#) of the Internal Revenue Code requires taxpayers which were allocated credits to apply for certification within 1 year of the date of the allocation letter. To obtain certification, taxpayers must show that they have done certain things to implement their projects. If they are not implementing their projects, the Service will deny certification and those taxpayers will forfeit their credits. See section 6 of Notice 2013-12.

How do I request certification of my project?

As described in section 6 of Notice 2013-12, send a letter requesting certification of the credit for your project to the IRS at the address in the answer to Agreement Question 5. Please put "SECTION 48C CERTIFICATION REQUIREMENTS" in a prominent location in your letter and on the outside of the envelope or package. See section 6 of Notice 2013-12 for what the letter should contain. The letter must include this statement: "I declare that I am authorized to bind {[name of applicant](#)}. Under penalties of perjury, I declare that I have examined this submission, including accompanying documents, and, to the best of my knowledge and belief, all of the facts contained herein are true, correct, and complete." The letter must be

signed and dated by a person authorized to bind the taxpayer who has personal knowledge of the facts contained in the letter and accompanying documents. Examples of persons authorized to bind the taxpayer are an officer of a corporation, a general partner of a state-law partnership, a member-manager of a limited liability company, a trustee of a trust or the proprietor in the case of a sole proprietorship. An authorization to represent the taxpayer by a power of attorney such as [Form 2848](#), Power of Attorney and Declaration of Representative, by itself does not authorize that representative to sign this letter. Only original, ink signatures will be accepted. Stamped, faxed, scanned or other copied signatures will not be accepted. Enclose copies of documents to show that you have met the requirements for certification.

When do I apply for certification?

You MUST apply for certification no later than 1 year after the date of the allocation letter the IRS sends you. Internal Revenue Code section [48C\(d\)\(2\)\(B\)](#) sets this deadline and does not allow any extensions or exceptions. If you place your project in service less than 1 year after the date of the allocation letter, you may apply for certification as soon as you place it in service.

What records do I send to obtain certification of the credit for my project?

As explained in section 6 of Notice 2013-12, send (a) copies of all permits required to begin construction or installation and (b) copies of sufficient other documents to demonstrate that you are implementing your project according to the timetable in your application. Examples of documents to send to show that you are implementing your project are listed below. Taxpayers may have other types of documents which demonstrate progress implementing their projects. Those are equally acceptable. Send enough documents to demonstrate the progress you have made. Please limit the documents you send to those which are most important to showing your progress.

- Contracts for financing of the project
- Contracts for significant purchases of land, goods or services
- Contracts for significant purchases of raw materials the project will use
- Invoices for significant goods or services purchased

- Payment documents for significant purchases of land, goods or services
- Recent reports on the progress of construction or installation
- Recent reports on the amount of time your employees have spent on the project
- Recent reports on costs incurred
- Significant contracts for sales of the goods the project will produce
- Inspection reports
- Certificates of occupancy
- Photographs of the site or equipment
- Any other significant documents which demonstrate your progress implementing your project.

Should the copies be printed or electronic?

We prefer documents in Adobe Acrobat format on CD or flash drive, but we also will accept printed copies. If you send a CD or flash drive, be sure that it is not encrypted, password-protected or redacted. Please label it with your company's name and "48C certification request."

What do I do if I can't obtain all the permits within 1 year of the date of the allocation letter?

Send copies of all the permits you have obtained along with a list of the other permits you will obtain, an explanation of why you did not obtain them within 1 year and an estimate of when you will obtain them.

What do I do if I have fallen behind schedule implementing my project?

Explain the reason(s) you have fallen behind schedule, send copies of documents which show what you have accomplished, and provide your revised estimated completion schedule.

Will the documents I send be public or confidential?

All correspondence with the IRS and all documents you send the IRS related to certification of this tax credit are confidential, just as your tax return is. See section 10 of Notice 2013-12 and [section 6103](#) of the Internal Revenue Code. The only information the IRS is allowed to release to the public is an announcement of the names of taxpayers allocated credits and the amounts they are allocated. That announcement is required by section 48C(d)(5) of the Internal Revenue Code and is described in section 10.01 of Notice 2013-12.

What kind of certification will the IRS send?

The Service will send you a letter certifying the allocation of credit for the project described in your concept paper and full

	application for the credit.
What will happen if I don't send the request on time?	You will forfeit all of the credit allocated to the project.
What will happen if I don't provide the documents to the IRS?	You will forfeit all of the credit allocated to the project.
What will happen if the IRS is not satisfied with my letter or the documents?	The staff which reviews certification requests will contact you to ask any questions it has and/or ask for copies of additional documents.
What will happen if the IRS is not satisfied with the progress I have made implementing my project?	The staff will contact you to discuss your progress and give you an opportunity to provide more evidence that you are implementing your project on time.
When will I receive my certification letter?	The Service will review all the requests as soon as it can. Because all the certification requests are due on the same date, it may take some weeks or months to review all of the requests and respond to all of them.
What will happen if the IRS determines not to send me a letter of certification?	You will forfeit all of the credit allocated to the project.
How will I know if my project is not certified?	If the IRS determines that you have not met the requirements for certification, it will send you a letter stating that and stating that your credit is forfeited.
Must I request certification if I have already completed my project?	Yes, Internal Revenue Code section <a href="#">48C(d)(2)(B)</a> requires certification of all projects. You must obtain a letter of certification even if you have already completed the project, or else you will forfeit all of the credit allocated to the project.
Must I request certification if I have decided not to implement my project?	No, but please notify the IRS by letter that you have decided not to implement your project. Send your letter to the address in the answer to Agreement Question 5.

**Question 6:** 48C Phase II Program FAQs as of February 20, 2013 – Project Changes Information  
**Answer 6:**

## PROJECT CHANGES

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What should I do if I change my project?	Section 7.01 of Notice 2013-12 and paragraph 5 of the agreement discussed in the Agreement section require you to inform the IRS if the plans for the project change in any significant respect from the plans you submitted in your application for the credit. If the change is a “significant change
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in plans” as defined in section 7.01 of Notice 2013-12, you will forfeit the credit.

How do I inform the IRS?

Describe the change(s) in the project in detail in a letter to the IRS asking it to determine whether the change in your project is a “significant change in plans.” Enclose appropriate documents to fully describe the change(s). The letter should describe the effects of the change(s) on each of the Eligibility Criteria in section III of Appendix B, the Merit Review Criteria in section IV.F.2 of Appendix B, and the Program Public Policy Factors in section IV.F.3 of Appendix B of Notice 2013-12. The IRS will evaluate the significance of the change(s) and reply with a letter telling you its decision. Send your letter to the address in the answer to Agreement Question 5.

What is a “significant change in plans?”

Section 7.01 of Notice 2013-12 defines it as “any change that a reasonable person would conclude might have adversely influenced the Department of Energy (DOE) in recommending or ranking the project or the Service in accepting the project application had they known about the change when they were considering the application.”

Section III of Appendix B of Notice 2013-12 lists and describes the two eligibility factors the project must meet:

1. Qualification as an advanced energy project
2. Reasonable expectation of commercial viability.

Section IV.F.2.a of Appendix B of Notice 2013-12 lists and describes the three merit review criteria for concept papers:

1. Technical applicability
2. Corporate viability
3. Commercial viability.

What factors might influence DOE in recommending or ranking the project or the Service in accepting the project application?

Section IV.F.2.b of Appendix B of Notice 2013-12 lists and describes the six merit review criteria for full applications:

1. Has strong potential to expand American manufacturing
2. Demonstrates significant potential for commercial viability
3. Has the potential for technological innovation and commercial deployment
4. Provides domestic job creation
5. Has shortest project time from certification to completion
6. Contributes to avoiding or reducing airborne pollutants and/or greenhouse gases.

Section IV.F.3 of Appendix B of Notice 2013-12 lists and describes the four program policy factors:

1. Geographic diversity
2. Technological diversity
3. Project size diversity
4. Regional economic development.

It may be. Follow the procedures in the answer to Changes Question 2. In several requests reviewed to date the IRS has determined that some changes resulting in a mixture of improving some of the criteria and diminishing others were not “significant changes in plans” for those projects.

CAUTION: Every determination depends on the specific facts of the situation. For these changes the key to the IRS’s determination was the overall effect on the eligibility and selection factors, not the effect on any single factor. These determinations do NOT mean that all changes which result in improving one or more factors and/or diminishing one or more factors will be determined not to be a “significant change in plans.” They mean that a change in a project which results in diminishing one or more of the factors is not necessarily a “significant change in plans.”

Is a change in a project which results in a change in any of these aspects a “significant change in plans?”

It may be. Follow the procedures in the answer to Changes Question 2

No, not as long as the facilities are the same as described in the applications for the credit. Regardless of cost overruns, the amount of credit allocated to the project may not exceed the amount in the allocation letter. If this is the only change from the application for the credit, the taxpayer does not need to notify the IRS of this change.

Is a cost overrun a “significant change in plans?”

No, not as long as the facilities are the same as described in the applications for the credit. Remember that the credit is limited to the lesser of (1) 30% of the qualified investment or (2) the amount allocated to the project in the allocation letter. If this is the only change from the applications for the credit, the taxpayer does not need to notify the IRS of this change.

If the project costs less than estimated in the application for the credit is that a “significant change in plans?”

A change in the cost of component parts alone is not a “significant change in plans.” A change in the size or type of component parts may be a “significant change in plans” if it

Is a change in the cost, size or type of component parts of the project a “significant change in plans?”

affects any of the eligibility and selection criteria. Follow the procedure in the answer to Changes Question 2.

Is a change to production of a different product a “significant change in plans?” It may be. Follow the procedures in the answer to Changes Question 2.

Is a change in size or capacity of the whole project a “significant change in plans”?

It may be. Follow the procedures in the answer to Changes Question 2.

Will the IRS tell me before I make a change whether it would be a “significant change in plans?”

The process for obtaining a formal ruling in advance is to apply for a letter ruling. See [Revenue Procedure 2013-1](#) for those procedures. For an informal discussion of changes, you can contact the office of the Industry Director, Natural Resources and Construction, at 713-209-3669.

**Question 7:** 48C Phase II Program FAQs as of February 20, 2013 – Completion Information  
**Answer 7:**

## COMPLETION

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1. Must I report completion of my project to the IRS?

Yes, paragraph 3 of the agreement discussed in the Agreement section requires you to notify the IRS in writing within 30 days of the date you place your project in service.
2. How do I report completion of my project?

Notify the IRS by letter that you have placed your project in service. Include the date you placed it in service. Send the letter to the address in the answer to Agreement Question 5.
3. What does “placed in service” mean?

It means “placed in a condition or state of readiness and availability for a specifically assigned function.” See section 3.04 of Notice 2013-12 and section [1.46-3\(d\)\(1\)\(ii\)](#) of the Income Tax Regulations.
4. What is the deadline for placing my project in service?

The deadline is 3 years after the date of the certification letter the IRS sends you.
5. What will happen if I do not place the project in service by the deadline?

You forfeit the full amount of the credit. Notify the IRS of this by letter sent to the address in the answer to Agreement Question 5.
6. What should I do if I decide not to complete my project?

Notify the IRS of that by letter sent to the address in the answer to Agreement Question 5.
7. How do I forfeit the credit if I have already used part or all of it on tax returns?

You forfeit any unused part of the credit, and you must recapture the credit used on tax returns you have filed. See the following:

  - [Form 4255](#), Recapture of Investment Credit

- The “Recapture of Credit” section of the [Instructions for Form 3468](#) and
- Section [50\(a\)\(2\)](#) of the Internal Revenue Code.

You must use the project for 5 years. If you do not use it for that long, you must recapture part or all of the credit. See the following:

8. How long must I use the project after I place it in service?

- [Form 4255](#), Recapture of Investment Credit
- The “Recapture of Credit” section of the [Instructions for Form 3468](#) and
- Section [50\(a\)\(2\)](#) of the Internal Revenue Code.

**Question 8:** 48C Phase II Program FAQs as of February 20, 2013 – Using the Credit  
**Answer 8:**

## USING THE CREDIT

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1. How do I use the tax credit?

Report your qualified investment in the project made after February 17, 2009, on [Form 3468](#), Investment Credit. See the Qualifying Advanced Energy Project Credit section of the [Instructions for Form 3468](#).

2. Is the tax credit transferable?

No, in general the tax credit is not transferable. See the discussion of successors in interest in Agreement question 10.

3. When may I use the credit?

The default method is to use the credit when you place the project in service. You also may elect to use the credit as you make qualified progress expenditures. If you elect the qualified progress expenditures method, you may not change to the default method later. See the “Qualified Progress Expenditures” section of the Instructions for Form 3468 and section 9 of Notice 2013-12 for information on qualified progress expenditures. Under either method, only expenses incurred after February 17, 2009, may be included in qualified investment.

4. When may I begin using the credit?

Taxpayers which receive an allocation letter from the IRS in the second allocation round may claim the credit as early as the beginning of the tax year which includes the date of the allocation letter if they either completed their project or made progress expenditures during that tax year. The IRS expects to issue second round allocation letters by November 15, 2013.

5. How do I compute the amount of the credit?

Under the default method (using the credit when you place the

project in service), the credit amount is 30% of the qualified investment you made in the project after February 17, 2009. If you elect to use the credit as you make qualified progress expenditures, the credit for each year is 30% of the amount of your qualified progress expenditures made during that year which are qualified investment and are made after February 17, 2009. Under either method, your total credit is limited to the amount in the allocation letter the IRS sent you.

Yes, you will get a decreased amount of credit. Your credit will be 30% of qualified investment placed in service by the deadline – limited to the amount of credit allocated to your project. As an example, if you were allocated \$300,000 of credit for a project that you estimated in your application to have a qualified investment of \$1,000,000, and by the deadline you placed in service qualified investment property with a basis of \$600,000, your credit would be \$180,000 (30% of \$600,000). The next question addresses placing in service more qualified investment than you estimated in your application. See Completion Question 3 for the definition of “placed in service.” See Application Questions 14 and 15 for the definition of “qualified investment.”

6. Do I get any credit in a taxable year if I place only part of my project in service by the deadline and complete the project in a later year?

7. Do I get more credit than the allocation if I have a cost overrun?

No, your credit is limited to the amount in the allocation letter the IRS sends you.

8. Does the 30% tax credit decrease the basis of the equipment being depreciated?

Yes, it decreases the depreciable basis by the full amount of the credit so the depreciable tax basis is decreased to 70% of the original amount because you are taking the credit.

9. Is the credit refundable?

No, but if you do not use the credit in the year you report it on your return you may carry it back or forward. See the next question.

10. If I don't use the credit in the year I report it on my return, may I carry it back or forward?

Yes, you may carry any unused part of the credit back 1 year – but only to tax years ending on or after February 17, 2009 – by amending your previous return. If you still have not used all of the credit, you may carry the unused portion forward for 20 years until it is used. After 20 years, any unused portion expires.