

Elective Pay (sometimes called “Direct Pay”)

The Inflation Reduction Act of 2022 allows for tax-exempt organizations, including churches, to purchase clean energy:

- 30% base credit for:
 - Solar/Ground-source heat pump/Battery storage projects.
- Commercial Clean Vehicle Credit (45 W):
 - Allows up to \$7,500 credit for electric vehicle as replacement for a gasoline vehicle;
- Commercial Building Energy Efficiency Tax Deduction (79D) for commercial building energy efficiency improvements
 - Lighting/Insulation/Heating/cooling/ ventilation equipment

Steps to take:

- Place into service qualified clean energy project (with cash or short/long term loans)
- Collect information to pre-register (Determine tax year; get EIN)
- Pre-register with IRS
- File 990-T form
- Wait for payment (4-24 months)

IRS web sites:

- Elective Pay Overview: <https://www.irs.gov/pub/irs-pdf/p5817q.pdf>
- Clean Vehicle and Energy Credits: <https://www.irs.gov/credits-deductions/clean-vehicle-and-energy-credits>
- Elective Pay and Transferability: <https://www.irs.gov/credits-deductions/elective-pay-and-transferability-frequently-asked-questions-elective-pay>
- Pre-Registration User Guide: <https://www.irs.gov/pub/irs-pdf/p5884.pdf>
- FAQ Document: <https://www.irs.gov/credits-deductions/elective-pay-and-transferability-frequently-asked-questions-elective-pay>
- EESI Direct Pay for Nonprofits fact sheet is available on their website: <https://www.eesi.org/papers/view/fact-sheet-direct-pay-for-nonprofits>

Federal Agencies

- White House Direct Pay / Clean Energy: https://www.whitehouse.gov/cleanenergy/directpay/?utm_source=www.cleanenergy.gov
- Department of Energy: Federal Solar Tax Credits for Businesses: <https://www.energy.gov/eere/solar/federal-solar-tax-credits-businesses>

Information shared by the Episcopal Church Office of Government Relations