

# RECONCILIATION UPDATE

**WHAT HAS BEEN ELIMINATED BY THE  
REPUBLICAN BUDGET AND WHAT  
OPPORTUNITIES STILL EXIST**



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# TAX CREDITS FOR SOLAR AND WIND

- All projects applying for tax credits\* should **commence construction by December 31, 2025** to avoid many of the new rules
  - Credits will still be available until July 4, 2026 BUT will have to comply with complex restrictions starting January 1, 2026
- Under existing guidance these projects **must be placed in service within four years** of the commence construction date

*\*Tax credits for wind and solar include the tech neutral Investment Tax Credit (48E) or Production Tax Credit (45Y)*

# HOW DO I COMMENCE CONSTRUCTION?

Must either:

- A) **Start physical work of a significant nature** (Includes eligible work completed on or off-site by taxpayer, contractor, or subcontractor if done under a binding contract)
- B) **Paying or incurring at least five percent of the total project cost** (we advise 12-15 percent to account for overages)
  - a) Due to Treasury rules changes, this safe harbor is no longer available to wind, or to solar 1.5 MW or larger

# WHAT ARE FEOC/PFE RESTRICTIONS?

- Foreign Entity of Concern / Prohibited Foreign Entities restrictions will make most project eligibility unworkable for projects *commencing* after December 31, 2025
- Places requirements on projects that have connections to certain nations and entities deemed as a national security threat
- This includes:
  - Having a share of ownership or influence
  - Making effective control payments\*
  - Sourcing materials

*\*Payment restrictions apply to tax years that begin after July 4, 2025. Learn more here: <https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules>*



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# TAX CREDITS FOR OTHER TECHNOLOGIES

- Full tax credits\* will be available for geothermal, hydropower, energy storage, and nuclear that **commence construction by January 1, 2033**
  - 75% credit in 2034, 50% in 2035 and full elimination thereafter
  - Subject to material assistance FEOC/PFE restrictions starting January 1, 2026
- Full ITC tax credits will be available for ground-source heat pump projects that **commence construction by January 1, 2035**
  - **Will NOT be subject to FEOC/PFE restrictions**
- Safe harbor is still available to commence construction

*\*Tax credits include the tech neutral Investment Tax Credit (48E) or Production Tax Credit (45Y)*



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# OTHER TAX CREDITS

- Commercial Clean Vehicle Credit (45W) will **sunset on September 30, 2025 and EVs need to be placed in service by this date to qualify**
- Alternative Fuel Vehicle Refueling Property Credit (30C) will **sunset on June 30, 2026 and technology needs to be placed in service by this date to qualify**
- Neither will be subject to FEOC/PFE restrictions

# SO WHAT DOES ALL THIS MEAN?

## CLOSING WINDOW FOR DIRECT PAY IN 2025



PIS: "Placed in Service" or complete until project can perform intended purpose



BOC: "Beginning of Construction." According to historic rules (subject to change 8.17.25), you must PIS within 4 years after BOC.

Treasury expected to release new rules on Prohibited Foreign Entities (PFEs) & definition of BOC by 8.17.25

2025						2026					
JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Electric vehicles PIS by 9.30.25 to claim 45W											
Electric charging infrastructure PIS by 6.30.26 to claim 30C											
Wind and Solar BOC by 12.31.25* to claim ITC 48E/PTC 45Y and avoid Material Assistance Requirements						All ITC 48E/PTC 45Y projects that BOC in 2026 and on are subject to <b>Material Assistance Requirements</b>					

*\*Wind and Solar that BOC in 2025 and wish to claim 48E may be subject to PFE Entity Level Restrictions (including "effective control" payment restrictions) depending on their PIS date and tax year*

# BOTTOM LINE

- **Complete or commence construction on as many solar and energy storage projects as possible by the end of 2025**
- Ground-source heat pumps tax credits remain unchanged and are great option until at least 2035
- Know your filing deadlines relative to your fiscal year (we can help you figure that out)
- If you have any questions or need help strategizing, the Congressional Progressive Caucus Center is here to help!

# RESOURCES

- More information on changes to tax credits:
  - Sign up for CPC Center's [Unrig the Rules](#) updates
  - [NYU Tax Law Center's Navigating OBBBA Guide](#)
  - [S2 Strategies' Reconciliation Bill Energy Overview](#)
  - [Undaunted's Updates to Energy Tax Credits Overview](#)
- How to apply for tax credits before the deadline:
  - [CPC Center's Step-By-Step Guide for Pre-Registration Requirements](#)
  - [L4GG's Clean Energy Tax Navigator](#)
  - [How to Claim the \\$40,000 Tax Credit for Your Electric School Bus](#)

