

# **What is the tax rate for energy storage project income**





## Overview

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The maximum ITC rate depends on technology and on whether the taxpayer successfully applies for and receives an allocation for low-income projects, discussed further herein; but as noted, for utility-scale wind, solar, and energy storage projects, the maximum ITC rate is 50%, and for wind, solar, or wind/solar + storage projects under 5 MW, the maximum ITC rate is 70%. What are the tax benefits of investing in energy projects?

Investments in energy projects offer two primary tax benefits: the ITC and accelerated depreciation. Some developers cannot use these tax benefits themselves but can use them to incentivize tax equity investors that provide bridge financing until the projects receive cash payments.

How has the energy storage industry progressed in 2024 & 2025?

The energy storage industry has continued to progress over the course of 2024 and into 2025, buoyed in significant part by the federal income tax benefits in the form of tax credits enacted under the Inflation Reduction Act of 2022 (IRA).

Are IRA tax benefits a viable option for energy storage facilities?

While the vitality of the IRA tax benefits in their current form is currently subject to uncertainty given the results of the 2024 federal general election, the existing market practice for financing energy storage facilities since the IRA's passage continues to evolve in reaction to the act's new requirements and opportunities.

What is the ITC rate for energy storage projects?

Energy storage installations that begin construction after Dec. 31, 2024, will be entitled to credits under the technology-neutral ITC under new Section 48E (discussed below). The base ITC rate for energy storage projects is 6% and the bonus rate is 30%.

Are energy storage projects exempt from prevailing wage and apprenticeship



requirements?

Two exemptions from the prevailing wage and apprenticeship requirements exist: Smaller-scale energy storage projects (under 1MW of storage capacity) qualify for the 30% bonus rate regardless of compliance with the prevailing wage and apprenticeship requirements.

Are energy storage projects eligible for a refundable ITC?

Energy storage projects owned by taxable entities are not eligible for a refundable ITC, but instead can take advantage of the new transferability rules. The IRA added a provision to permit project owners (other than tax-exempt entities) to make an election to transfer the ITC to an unrelated third party.



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### Clean Electricity Production Credit

The Clean Electricity Production Credit is a credit available under the production tax credit for businesses and other entities that produce in a qualified clean or renewable energy.

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### How to take advantage of new tax incentives for renewable energy ...

After more than 10 years, the Department of Finance has finally issued Revenue Regulations (RR) 7-2022, which provides "the policies and guidelines for the availment of tax ...

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### [Investment tax credit for energy property under section 48](#)

Background The U.S. Treasury Department and IRS on December 4, 2024, released final regulations (T.D. 10015) relating to the investment tax credit (ITC) for energy property under ...

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### [Clean Energy Tax Incentives for Businesses](#)

These facilities or property will be treated as a 5-year property for purposes of cost recovery, leaving them with lower taxable income in the earlier years of a clean energy investment.

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### [Income Tax Folio S3-F8-C2, Tax Incentives for Clean Energy](#)

For tax years which begin after 2021, a temporary measure to reduce the federal corporate income tax rates for qualifying zero-emission technology manufacturers from 15% to ...

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## Legacy clean-energy credits evolve into tech-neutral credits

One exception is that energy - storage technology may continue to qualify for the Sec. 48E credit. Congress added these tech - neutral credits to the Internal Revenue Code to ...

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## What is the tax rate for energy storage power station income?

The tax rate applicable to income generated by energy storage power stations varies based on several factors including the jurisdiction, the nature of the business entity, and ...

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## Energy and Climate Solutions White Paper: Solar, Wind, and ...

Maximum Current and Tech-Neutral ITC Credit:  
For stand-alone energy storage projects, utility-  
scale wind and solar projects, and utility-scale  
wind and solar + battery energy storage system  
...

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## Inflation Reduction Act Creates New Tax Credit Opportunities for Energy

The base ITC rate for energy storage projects is 6% and the bonus rate is 30%. The bonus rate is available if the project is under 1MW of energy storage capacity or if it meets ...

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## Tax-exempt investment in partnerships holding energy properties

Investments in energy projects offer two primary tax benefits: the ITC and accelerated depreciation. Some developers cannot use these tax benefits themselves but can ...

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## Oregon Transparency : Tax Credits & Energy Programs : State of ...

The Oregon Department of Energy's Solar + Storage Rebate Program offers rebates for solar and solar with paired storage projects. For residential projects, the maximum rebate is \$5,000 for a ...

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## The State of Play for Energy Storage Tax Credits - Publications

The energy storage industry has continued to progress over the course of 2024 and into 2025, buoyed in significant part by the federal income tax benefits in the form of tax credits ...

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## What is the tax rate for energy storage projects? , NenPower

The computation of the tax rate for energy storage projects is shaped by numerous dynamic factors. Jurisdiction is a primary element determining the applicable tax laws and ...

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## Final regulations clarify rules for Section 48 tax credit: ...

In brief What happened? The IRS and Treasury on December 12 published final regulations on the Section 48 energy investment tax credit. The regulations ...

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## [SALT and Battery: Taxes on Energy Storage , Tax Notes](#)

In this installment of Andersen's Sodium Podium, the authors discuss the differing property tax and sales tax considerations regarding battery energy storage systems and ...

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## Q& A on the Inflation Reduction Act

There is a 20 percent bonus on the otherwise determined ITC rate if the project is part of a "qualified low-income residential building project" or a "qualified low-income economic ...

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### [Incentivizing the Climate Economy: How Sections 48 ...](#)

The Inflation Reduction Act (IRA) has expanded energy incentives, including Section 48 and 48E, to encourage organizations to invest in qualified clean ...

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### [SALT and Battery: Taxes on Energy Storage . Tax Notes](#)

The IRA expanded the investment tax credit by eliminating the requirement that a storage system be charged by solar and including stand-alone energy storage systems placed ...

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### [The Inflation Reduction Act: Frequently Asked Questions](#)

For section 48, the project would generally be eligible to receive the full 6% + 24% rate. When does standalone energy storage start qualifying for the ITC? For section 48, standalone ...

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