List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

~~Proposed~~ Amendments to the Regulations

Accordingly, the Treasury Department and the IRS ~~propose to~~ amend 26 CFR part 1 as follows:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by adding an entry in numerical order for §§ 1.6418-0 through 1.6418-5 to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Sections 1.6418-0 through 1.6418-5 also issued under 26 U.S.C. 6418(g)(1) and (h).

* * * * *

Par. 2. Section 1.706-4 is amended as follows:

1. Redesignate paragraphs (e)(2)(ix) through (xi) as paragraphs (e)(2)(x) through (xii).

2. Add new paragraph (e)(2)(ix).

3. Revise ~~the heading of~~and republish paragraph (g).

~~4. Redesignate the text of paragraph (g) as paragraph (g)(1).~~

~~5. Add paragraph (g)(2).~~

The addition, revision and ~~revisions~~republication read as follows:

§1.706-4 Determination of distributive share when a partner's interest varies.

* * * * *

(e) * * *

(2) * * *

(ix) Any specified credit portion transferred pursuant to section 6418 and §§1.6418-1 through 1.6418-5;

* * * * *

(g) *Applicability date.* * * *(1) Except with respect to paragraph (c)(3) of this section, this section applies for partnership taxable years that begin on or after August 3, 2015. The rules of paragraph (c)(3) of this section apply for taxable years of partnerships other than existing publicly traded partnerships that begin on or after August 3, 2015. For purposes of the immediately preceding sentence, an existing publicly traded partnership is a partnership described in section 7704(b) that was formed prior to April 14, 2009. For purposes of this effective date provision, the termination of a publicly traded partnership under section 708(b)(1)(B) due to the sale or exchange of 50 percent or more of the total interests in partnership capital and profits is disregarded in determining whether the publicly traded partnership is an existing publicly traded partnership.

(2) Paragraph (e)(2)(ix) of this section applies to taxable years ending on or after **[INSERT DATE OF PUBLICATION** ~~OF FINAL RULE~~**IN THE *FEDERAL REGISTER*]*.***

Par. 3. Sections 1.6418-0 through 1.6418-5 are added to read as follows:

Sec.

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§1.6418-0 Table of contents.

This section lists the captions contained in §§1.6418-1 through 1.6418-5.

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~~(f~~(f) Notification and impact of recapture under section 48(a)(10)(C).

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~~(h~~(i) Rules applicable to real estate investment trusts.

(j) Applicability date.

§1.6418-1 Transfer of eligible credits.

(a) *Transfer of eligible credits.* An eligible taxpayer may make a transfer election under §1.6418-2(a) to transfer any specified portion of an eligible credit determined with respect to any eligible credit property of such eligible taxpayer for any taxable year to a transferee taxpayer in accordance with section 6418 of the Code and the section 6418 regulations (defined in paragraph (g) of this section). Paragraphs (b) through (q) of this section provide definitions of terms for purposes of applying section 6418 and the section 6418 regulations. *See* §1.6418-2 for rules and procedures under which all transfer elections must be made, limitations to making transfer elections, the treatment of payments made in connection with transfer elections, and the treatment of eligible credits transferred to transferee taxpayers. *See* §1.6418-3 for special rules pertaining to transfer elections made by partnerships or S corporations. See §1.6418-4 for prefiling registration requirements and other information required to make any transfer election effective. *See* §1.6418-5 for special rules related to the imposition of tax on excessive credit transfers, basis reductions, required notifications and impacts of the recapture of transferred credits, and rules regarding carrybacks and carryforwards.

(b) *Eligible taxpayer.* The term *eligible taxpayer* means any taxpayer (as defined in section 7701(a)(14) of the Code), other than one described in section 6417(d)(1)(A) and §1.6417-1(b).

(c) *Eligible credit--(*1) *In general.* The term *eligible credit* is a credit described in paragraph (c)(2) of this section determined for a taxable year with respect to a single eligible credit property of an eligible taxpayer but does not include any business credit carryforward or business credit carryback determined under section 39 of the Code.

(2) *Separately determined credit amounts.* The amount of any credit described in this paragraph (c)(2) is the entire amount of the credit separately determined with respect to each single eligible credit property of the eligible taxpayer and includes any

bonus credit amounts described in paragraph (c)(3) of this section determined with respect to that single eligible credit property. The eligible credits described in this paragraph (c)(2) are:

(i) *Alternative fuel vehicle refueling property.* So much of the credit for alternative fuel vehicle refueling property allowed under section 30C of the Code that, pursuant to section 30C(d)(1), is treated as a credit listed in section 38(b) of the Code (section 30C credit).

(ii) *Renewable electricity production.* The renewable electricity production credit determined under section 45(a) of the Code (section 45 credit).

(iii) *Carbon oxide sequestration.* The credit for carbon oxide sequestration determined under section 45Q(a) of the Code (section 45Q credit).

(iv) *Zero-emission nuclear power production.* The zero-emission nuclear power production credit determined under section 45U(a) of the Code (section 45U credit).

(v) *Clean hydrogen production.* The clean hydrogen production credit determined under section 45V(a) of the Code (section 45V credit).

(vi) *Advanced manufacturing production.* The advanced manufacturing production credit determined under section 45X(a) of the Code (section 45X credit).

(vii) *Clean electricity production.* The clean electricity production credit determined under section 45Y(a) of the Code (section 45Y credit).

(viii) *Clean fuel production.* The clean fuel production credit determined under section 45Z(a) of the Code (section 45Z credit).

(ix) *Energy.* The energy credit determined under section 48 of the Code (section 48 credit).

(x) *Qualifying advance energy project.* The qualifying advanced energy project credit determined under section 48C of the Code (section 48C credit).

(xi) *Clean electricity.* The clean electricity investment credit determined under

section 48E of the Code (section 48E credit).

(3) *Bonus credit amounts.* The bonus credit amounts described in this paragraph (c)(3) are:

(i) In the case of a section 30C credit, the increased credit amounts for which the requirements under section 30C(g)(2)(A) and (3) are satisfied.

(ii) In the case of a section 45 credit, the increased credit amounts for which the requirements under section 45(b)(7)(A)(8), (9), and (11) are satisfied.

(iii) In the case of a section 45Q credit, the increased credit amounts for which the requirements under section 45Q(h)(3) and (4) are satisfied.

(iv) In the case of a section 45U credit, the increased credit amount for which the requirements under section 45U(d)(2) are satisfied.

(v) In the case of a section 45V credit, the increased credit amounts for which the requirements under section 45V(e)(3) and (4) are satisfied.

(vi) In the case of a section 45Y credit, the increased credit amounts for which the requirements under section 45Y(g)(7), (9), (10), and (11) are satisfied.

(vii) In the case of a section 45Z credit, the increased credit amounts for which the requirements under section 45Z(f)(6) and (7) are satisfied.

(viii) In the case of a section 48 credit, the increased credit amounts for which the requirements under section 48(a)(10), (11), (12), (14), and (e) are satisfied.

(ix) In the case of a section 48C credit, the increased credit amounts for which the requirements under section 48C(e)(5) and (6) are satisfied.

(x) In the case of a section 48E credit, the increased credit amounts for which the requirements under section 48E(a)(3)(A), (B), (d)(3), (d)(4), and (h) are satisfied.

(d) *Eligible credit property.* The term *eligible credit property* means each of the units of property of an eligible taxpayer described in paragraphs (d)(1) through (11) of this section with respect to which the amount of an eligible credit is determined:

(1) In the case of a section 30C credit, a *qualified alternative fuel vehicle refueling property* described in section 30C(c).

(2) In the case of a section 45 credit, a *qualified facility* described in section 45(d).

(3) In the case of a section 45Q credit, a ~~*single process train*~~component of carbon capture equipment within a *single process train* described in §1.45Q-2(c)(3).

(4) In the case of a section 45U credit, a *qualified nuclear power facility* described in section 45U(b)(1).

(5) In the case of a section 45V credit, a *qualified clean hydrogen production facility* described in section 45V(c)(3).

(6) In the case of a section 45X credit, a *facility* that produces eligible components, as described in guidance under sections 48C and 45X.

(7) In the case of a section 45Y credit, a *qualified facility* described in section 45Y(b)(1).

(8) In the case of a section 45Z credit, a *qualified facility* described in section 45Z(d)(4).

(9~~)~~*(Section 48 property--(*i) *In general.* In the case of a section 48 credit and except as provided in paragraph (d)(9)(ii) of this section, an *energy property* described in section 48.

(ii) *Pre-filing registration and elections.* At the option of an eligible taxpayer, and to the extent consistently applied for purposes of the pre-filing registration requirements of §1.6418-4 and the election requirements of §§1.6418-2 through 1.6418-3, an *energy project* as described in section 48(a)(9)(A)(ii) and defined in guidance.

(10) In the case of a section 48C credit, an *eligible property* described in section 48C(c)(2).

(11) In the case of a section 48E credit, a *qualified facility* as defined in section

48E(b)(3) or, in the case of a section 48E credit relating to a qualified investment with respect to energy storage technology, an *energy storage technology* described in section 48E(c)(2).

(e) *Guidance.* The term *guidance* means guidance published in the *Federal Register* or Internal Revenue Bulletin, as well as administrative guidance such as forms, instructions, publications, or other guidance on the IRS.gov website. *See* §§601.601 and 601.602 of this chapter.

(f) *Paid in cash.* The term *paid in cash* means a payment in United States dollars that--

(1) Is made by cash, check, cashier's check, money order, wire transfer, automated clearing house (ACH) transfer, or other bank transfer of immediately available funds;

(2) Is made within the period beginning on the first day of the eligible taxpayer's taxable year during which a specified credit portion is determined and ending on the due date for completing a transfer election statement (as provided in §1.6418-2(b)(5)(iii)); and

(3) May include a transferee taxpayer's contractual commitment to purchase eligible credits with United States dollars in advance of the date a specified credit portion is transferred to such transferee taxpayer if all payments of United States dollars are made in a manner described in paragraph (f)(1) of this section during the time period described in paragraph (f)(2) of this section.

(g) *Section 6418 regulations.* The term *section 6418 regulations* means ~~this section and~~ §§1.6418-~~2~~1 through 1.6418-5.

(h) *Specified credit portion.* The term *specified credit portion* means a proportionate share (including all) of an eligible credit determined with respect to a

single eligible credit property of the eligible taxpayer that is specified in a transfer election. A specified credit portion of an eligible credit must reflect a proportionate share of each bonus credit amount that is taken into account in calculating the entire amount of eligible credit determined with respect to a single eligible credit property.

(i) *Statutory references--(*1) *Chapter 1.* The term *chapter 1* means chapter 1 of the Code.

(2) *Code.* The term *Code* means the Internal Revenue Code.

(3) *Subchapter K.* The term *subchapter K* means subchapter K of chapter 1.

~~(4) *Subtitle A.* The term *subtitle A* means subtitle A of the Code.~~(j) *Transfer election.* The term *transfer election* means an election under section 6418(a) of the Code to transfer to a transferee taxpayer a specified portion of an eligible credit determined with respect to an eligible credit property in accordance with the section 6418 regulations.

(k) *Transferee partnership.* The term *transferee partnership* means a partnership for Federal ~~income~~ tax purposes that is a transferee taxpayer.

(l) *Transferee S corporation.* The term *transferee S corporation* means an S corporation within the meaning of section 1361(a) that is a transferee taxpayer.

(m) *Transferee taxpayer.* The term *transferee taxpayer* means any taxpayer that is not related (within the meaning of section 267(b) or 707(b)(1) of the Code) to the eligible taxpayer making the transfer election to which an eligible taxpayer transfers a specified credit portion of an eligible credit.

(n) *Transferor partnership.* The term *transferor partnership* means a partnership for Federal ~~income~~ tax purposes that is an eligible taxpayer that makes a transfer election.

(o) *Transferor S corporation.* The term *transferor S corporation* means an S corporation within the meaning of section 1361(a) that is an eligible taxpayer that

makes a transfer election.

(p) *Transferred specified credit portion.* The term *transferred specified credit portion* means the specified credit portion that is transferred from an eligible taxpayer to a transferee taxpayer pursuant to a transfer election.

(q) *U.S. territory.* The term *U.S. territory* means the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(r) *Applicability date.* This section applies to taxable years ending on or after **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER].*** For taxable years ending before **[INSERT DATE OF** ~~FINAL RULE].~~**PUBLICATION IN THE *FEDERAL REGISTER],***

taxpayers, however, may choose to apply the rules of this section and §§1.6418-2, -3, and -5, provided the taxpayers apply the rules in their entirety and in a consistent manner.

§1.6418-2 Rules for making transfer elections.

(a) *Transfer election--(*1) *In general.* An eligible taxpayer can make a transfer election as provided in this section. If a valid transfer election is made by an eligible taxpayer for any taxable year, the transferee taxpayer specified in such election (and not the eligible taxpayer) is treated as the taxpayer for purposes of the Code with respect to the specified credit portion. This paragraph (a) provides rules on the number of transfers permitted, rules for determining the eligible taxpayer in certain ownership situations, and rules describing circumstances ~~where~~under which no transfer election is allowed. Paragraph (b) of this section provides specific rules regarding the scope, manner, and timing of a transfer election. Paragraph (c) of this section provides rules regarding limitations applicable to transfer elections. Paragraph (d) of this section

provides rules regarding an eligible taxpayer's determination of an eligible credit. Paragraph (e) of this section provides the treatment of payments in connection with a transfer election. Paragraph (f) of this section provides rules regarding a transferee taxpayer's treatment of an eligible credit following a transfer.

(2) *Multiple transfer elections permitted.* An eligible taxpayer may make multiple transfer elections to transfer one or more specified credit portion(s) to multiple transferee taxpayers, provided that the aggregate amount of specified credit portions transferred with respect to any single eligible credit property does not exceed the amount of the eligible credit determined with respect to the eligible credit property.

(3) *Transfer election in certain ownership situations--(*i) *Disregarded entities.* If an eligible taxpayer is the sole owner (directly or indirectly) of an entity that is disregarded as separate from such eligible taxpayer for Federal income tax purposes and such entity directly holds an eligible credit property, the eligible taxpayer may make a transfer election in the manner provided in this section with respect to any eligible credit determined with respect to such eligible credit property.

(ii) *Undivided ownership interests.* If an eligible taxpayer is a co-owner of an eligible credit property through an arrangement properly treated as a tenancy-in common for Federal income tax purposes, or through an organization that has made a valid election under section 761(a) of the Code, then the eligible taxpayer's undivided ownership share of the eligible credit property will be treated for purposes of section 6418 as a separate eligible credit property owned by such eligible taxpayer, and the eligible taxpayer may make a transfer election in the manner provided in this section for any eligible credit(s) determined with respect to such eligible credit property.

(iii) *Members of a consolidated group.* A member of a consolidated group (as defined in §1.1502-1) is required to make a transfer election in the manner provided in this section to transfer any eligible credit determined with respect to the member. *See*

§1.1502-77 (providing rules regarding the status of the common parent as agent for its members).

(iv) *Partnerships and S corporations.* A partnership or an S corporation that determines an eligible credit with respect to any eligible credit property held directly by such partnership or S corporation may make a transfer election in the manner provided in §1.6418-3(d) with respect to eligible credits determined with respect to such eligible credit property.

(v) *Grantors or others treated as owners of a trust.* If an eligible taxpayer is a grantor or any other person that is treated as the owner of any portion of a trust as described in section 671 of the Code, then the eligible taxpayer may make a transfer election in the manner provided in this section for eligible credits determined with respect to any eligible credit property held directly by the portion of the trust that the eligible taxpayer is treated as owning under section 671.

(4) *Circumstances ~~where~~under which no transfer election can be made--*(i) *Prohibition on election or transfer with respect to progress expenditures.* No transfer election can be made with respect to any amount of an eligible credit that is allowed for progress expenditures pursuant to rules similar to the rules of section 46(c)(4) and (d) (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990).

(ii) *No election allowed ~~when~~if eligible credit transferred for non-cash consideration.* No transfer election is allowed ~~when~~if an eligible taxpayer receives any consideration other than cash (as defined in §1.6418-1(f)) in connection with the transfer of a specified credit portion.

(iii) *No election allowed ~~when~~if eligible credits not determined with respect to taxpayer.* No transfer election is allowed for eligible credits that are not determined with respect to an eligible taxpayer as described in paragraph (d) of this section. For example, a section 45Q credit allowable to an eligible taxpayer because of an election made under

section 45Q(f)(3)(B), or a section 48 credit allowable to an eligible taxpayer because of an election made under section 50(d)(5) and §1.48-4, although described in §1.6418-1(c)(2), is not an eligible credit that can be transferred by the taxpayer because such credit is not determined with respect to the eligible taxpayer.

(b) *Manner and due date of making a transfer election--(*1) *In general.* An eligible taxpayer must make a transfer election to transfer a specified credit portion of an eligible credit on the basis of a single eligible credit property. For example, an eligible taxpayer that determines eligible credits with respect to two eligible credit properties would need to make a separate transfer election with respect to any specified credit portion of the eligible credit determined with respect to each eligible credit property. Any transfer election must be consistent with the eligible taxpayer's pre-filing registration under §1.6418-4.

(2) *Specific rules for certain eligible credits.* In the case of any section 45 credit, section 45Q credit, section 45V credit, or section 45Y credit that is an eligible credit, the rules in ~~paragraphs~~paragraph (b)(2)(i) and (ii) of this section apply.

(i) *Separate eligible credit property.* A transfer election must be made separately with respect to each eligible credit property described in §1.6418-1(d)(2), (3), (5), and(7), as applicable, for which an eligible credit is determined.

(ii) *Time period.* A transfer election must be made for each taxable year an eligible taxpayer elects to transfer specified credit portions with respect to such an eligible credit property during the 10-year period beginning on the date such eligible credit property was originally placed in service (or, in the case of a section 45Q credit, for each taxable year during the 12-year period beginning on the date the single process train of carbon capture equipment was originally placed in service).

(3) *Manner of making a valid transfer election.* A transfer election is made by an eligible taxpayer on the basis of each specified credit portion with respect to a single

eligible credit property that is transferred to a transferee taxpayer. To make a valid transfer election, an eligible taxpayer, as part of filing ~~a~~an annual tax return (or a return for a short year within the meaning of section 443 of the Code (short year return)), must include the following--

(i) A properly completed relevant source credit form for the eligible credit (such as Form 7207, *Advanced Manufacturing Production Credit,* if making a transfer election for a section 45X credit) for the taxable year that the eligible credit was determined~~;~~, including the registration number received during the required pre-filing registration (as described in §1.6418-4) related to the eligible credit property with respect to which a transferred eligible credit was determined;

(ii) A properly completed Form 3800, *General Business Credit* (or its successor), including reductions necessary because of the transferred eligible credit as required by the form and instructions and the registration number received during the required pre-filing registration (as described in §1.6418-4) related to the eligible credit property with respect to which a transferred eligible credit was determined;

(iii) A schedule attached to the Form 3800 (or its successor) showing the amount of eligible credit transferred for each eligible credit property (such as for a section 45X election, the relevant lines that include the eligible credit property reported on Form 7207), except as otherwise provided in guidance;

(iv) A transfer election statement as described in paragraph (b)(5) of this section; and

(v) Any other information related to the election specified in guidance.

(4) *Due date and original return requirement of a transfer election.* (i) *In general.* A transfer election by an eligible taxpayer with respect to a specified portion of an eligible credit must be made on an original return (including a superseding return or any revisions made on a superseding return) not later than the due date (including

extensions of time) for the original return of the eligible taxpayer for the taxable year for which the eligible credit is determined. No transfer election may be made ~~or revised~~for the first time on an amended return, withdrawn on an amended return, or made or withdrawn by filing an administrative adjustment request under section 6227 of the Code. A numerical error with respect to a properly claimed transfer election may be corrected on an amended return or by filing an administrative adjustment request under section 6227 if necessary; however, the eligible taxpayer's original return, which must be signed under penalties of perjury, must contain all of the information, including a registration number, required by the section 6418 regulations. In order to correct an error on an amended return or administrative adjustment request under section 6227, an eligible taxpayer must have made an error in the information included on the original return such that there is a substantive item to correct; an eligible taxpayer cannot correct a blank item or an item that is described as being "available upon request." There is no late-election relief available under §§ 301.9100-1 ~~through~~or 301.9100-3 of this chapter for a transfer election that is not timely filed; however, relief under §301.9100-2(b) may apply if the eligible taxpayer has not received an extension of time to file a return after the original due date, has timely filed a return, takes corrective action under §301.9100-2(c)within the six-month extension period, and meets the procedural requirements outlined in §301.9100-2(d).

(ii) *Amending the amount of the eligible credit reported--*(A) *In general.* If an eligible taxpayer, after making a transfer election in accordance with paragraph (b)(3) of this section on an original return in accordance with this paragraph (b)(4)(i) of this section, determines that the amount of the eligible credit reported on the eligible taxpayer's original return is incorrect, the eligible taxpayer may timely file an amended return, or administrative adjustment request under section 6227, if applicable, adjusting the amount of eligible credit.

(B) *Amending the amount of the credit determined to reflect an increased amount.* To the extent an eligible taxpayer corrects the amount of an eligible credit to reflect an increase in the amount of the eligible credit reported, such amount must be reflected on the credit source forms filed with the amended return, or administrative adjustment request under section 6227, if applicable, but cannot be reflected by either the eligible taxpayer or any transferee taxpayer as a transferred specified credit portion on the transfer election statement.

(C) *Amending the amount of the credit determined to reflect a decreased amount.* To the extent an eligible taxpayer corrects the amount of the eligible credit to reflect a decrease in the amount of the eligible credit reported, such amount must be reflected on the credit source forms filed with the amended return or administrative adjustment

request, if applicable, and the transfer election statement reducing the amount of the credit reported in accordance with the following—

(I) The amount of such decrease first reduces the amount if any, of the eligible credit not transferred by the eligible taxpayer; and

(II) Any portion of the amount of such decrease that remains after applying the reduction described in paragraph (b)(4)(ii)(C)(I) of this section, reduces the amount reported by the transferee taxpayer, or if the eligible credit was transferred to more than one transferee taxpayer, reduces the amount of each transferee taxpayer's specified credit portion on a pro rata basis.

(D) *Treatment of cash consideration.* In the case of a decrease in the amount of the credit determined by the eligible taxpayer, any amount of the cash consideration retained by the eligible taxpayer after making an adjustment in accordance with paragraph (b)(4)(ii)(C) of this section that does not directly relate to the remaining specified credit portion must not be excluded from gross income as described in paragraph (e)(2) of this section.

(iii) *Examples.* The examples in this paragraph (b)(4)(iii) illustrate the application of paragraphs ((b)(6)(i) and (ii) of this section.

(A) *Example 1.* A, a U.S. C corporation for Federal income tax purposes (as defined in section 1361(a)(2) of the Code), qualifies as an eligible taxpayer and determines a section 45V clean hydrogen tax credit of $100X in year 1. At the end of year 1, A transfers the entire $100X of the section 45V credit to B. A timely makes a transfer election and properly reports the transaction in accordance with §1.6418-2(b) on its original return. In year 2, A concludes that the amount of section 45V credit determined in year 1 was $120X. A may file an amended return increasing the amount of the credit reported by $20X on the appropriate credit source forms. A cannot increase the amount of the credit reported on the transfer election statement, and B

cannot increase the amount of credit claimed on its return.

(B) *Example 2.* Same facts as *Example 1* except that, in year 2, A concludes that the amount of section 45V credit determined in year 1 was $80X. On an amended return, A decreases the amount of the credit reported by $20X on the appropriate credit source forms. A should then reduce the amount of the credit reported on the transfer election statement. To avoid a determination of an excessive credit transfer, B should file a qualified amended return pursuant to §1.6664-2(c)(3) reducing the amount of credit claimed on its return by $20X.

(C) *Example 3.* C, a U.S. C corporation for Federal income tax purposes (as defined in section 1361(a)(2) of the Code), qualifies as an eligible taxpayer and determines a section 45Y clean electricity production tax credit of $100X in year 1. At the end of year 1, C transfers $80X of the 45Y credit determined to D, E, and F, with D receiving $40X, E receiving $32X, and F receiving $80X. C timely makes the transfer election and properly reports the transaction in accordance with §1.6418-2(b) on its original return. In year 2, C concludes that the amount of section 45Y credit determined in year 1 was $60X. C files an amended return decreasing the amount of the credit reported by $40X on the appropriate credit source forms to reflect $60X of section 45Y credit on its credit source forms. As a result of the $40X decrease in the credit determined, C reduces the $20X of section 45Y retained by C to $0X, and reduces the amount of section 45Y credit transferred to D, E, and F to $30X, $24X, and F $6X, respectively (their respective pro rata shares of the reduced amount). Each of D, E, and F should file a qualified amended return under §1.6664-2(c)(3) reducing the amount of the credit claimed on their returns to avoid a determination of an excessive credit transfer.

(5) *Transfer election statement--(*i) *In general.* A transfer election statement is a written document that describes the transfer of a specified credit portion between an eligible taxpayer and transferee taxpayer. Unless otherwise provided in guidance, a~~A~~n eligible taxpayer and transferee taxpayer must each attach a transfer election statement to their respective return as required under paragraphs (b)(3)(iv) and (f)(4)(ii) of this section.~~, u~~Unless otherwise provided in guidance,~~. A~~an eligible taxpayer and transferee taxpayer can use any document (such as a purchase and sale agreement) that meets the conditions in paragraph (b)(5)(ii) of this section but must label the document a "Transfer Election Statement" ~~when~~before attaching such labeled document to their ~~a return.~~respective returns. The information required in paragraph (b)(5)(ii) of this section does not otherwise limit any other information that the eligible taxpayer and transferee taxpayer may agree to provide in connection with the transfer of any specified credit portion. The statement must be signed under penalties of perjury by an individual with

authority to legally bind the eligible taxpayer. The statement must also include the written consent of an individual with authority to legally bind the transferee taxpayer.

(ii) *Information required in transfer election statement.* A transfer election statement must, at a minimum, include each of the following:

(A) Name, address, and taxpayer identification number of the transferee taxpayer and the eligible taxpayer. If the transferee taxpayer or eligible taxpayer is a member of a consolidated group ~~(as defined in §1.1502-1),~~ then only include information for the group member that is the transferee taxpayer or eligible taxpayer (if different from the return filer).

(B) A statement that provides the necessary information and amounts to allow the transferee taxpayer to take into account the specified credit portion with respect to the eligible credit property, including--(*1)* A description of the eligible credit (for example, advanced manufacturing production credit for a section 45X transfer election), the total amount of the credit determined with respect to the eligible credit property, and the amount of the specified credit portion;

(*2)* The taxable year of the eligible taxpayer and the first taxable year in which the specified credit portion will be taken into account by the transferee taxpayer;

(*3)* The amount(s) of the cash consideration and date(s) on which paid by the transferee taxpayer; and

(*4)* The registration number related to the eligible credit property.

(C) Attestation that the eligible taxpayer (or any member of its consolidated group) is not related to the transferee taxpayer (or any member of its consolidated group) within the meaning of section 267(b) or 707(b)(1)).

(D) A statement or representation from the eligible taxpayer that it has or will comply with all requirements of section 6418, the section 6418 regulations, and the provisions of the Code applicable to the eligible credit, including, for example, any

requirements for bonus credit amounts described in §1.6418-1(c)(3) (if applicable).

(E) A statement or representation from the eligible taxpayer and the transferee taxpayer acknowledging the notification of recapture requirements under section 6418(g)(3) and the section 6418 regulations (if applicable).

(F) A statement or representation from the eligible taxpayer that the eligible taxpayer has provided the required minimum documentation (as described in paragraph (b)(5)(iv) of this section) to the transferee taxpayer.

(iii) *Timing of transfer election statement.* A transfer election statement can be completed at any time after the eligible taxpayer and transferee taxpayer have sufficient information to meet the requirements of paragraph (b)(5)(ii) of this section, but the transfer election statement cannot be completed for any year after the earlier of:

(A) The filing of the eligible taxpayer's return for the taxable year for which the specified credit portion is determined with respect to the eligible taxpayer; or

(B) The filing of the return of the transferee taxpayer for the year in which the specified credit portion is taken into account.

(iv) *Required minimum documentation.* ~~Required minimum documentation is the~~The eligible taxpayer must provide to a transferee taxpayer the following minimum documentation ~~that the eligible taxpayer is required to provide to a transferee taxpayer. This documentation consists of~~--

(A) Information that validates the existence of the eligible credit property, which could include evidence prepared by a third party (such as a county board or other governmental entity, a utility, or an insurance provider);

(B) If applicable, documentation substantiating that the eligible taxpayer has satisfied the requirements to include any bonus credit amounts (as defined in §1.6418-1(c)(3)) in the eligible credit that was part of the transferred specified credit portion; and

(C) Evidence of the eligible taxpayer's qualifying costs in the case of a transfer of

an eligible credit that is part of the investment credit or the amount of qualifying production activities and sales amounts, as relevant, in the case of a transfer of an eligible credit that is a production credit.

(v) *Transferee recordkeeping requirement.* Consistent with §1.6001-1(e), the transferee taxpayer must retain the required minimum documentation provided by the eligible taxpayer as long as the contents thereof may become material in the administration of any internal revenue law.

(c) *Limitations after a transfer election is made--(*1) *Irrevocable.* A transfer election with respect to a specified credit portion is irrevocable.

(2) *No additional transfers.* A specified credit portion may only be transferred pursuant to a transfer election once. A transferee taxpayer ~~may not~~cannot make a transfer election of any specified credit portion transferred to the transferee taxpayer.

(d) *Determining the eligible credit--(*1) *In general.* An eligible taxpayer may only transfer eligible credits determined with respect to the eligible taxpayer (paragraph (a)(4) of this section disallows transfer elections in other situations). ~~For a~~An eligible credit is ~~to be~~ determined with respect to an eligible taxpayer~~,~~ if the eligible taxpayer ~~must own~~owns the underlying eligible credit property ~~or, if ownership is not required, otherwise conduct~~and conducts the activities giving rise to the ~~underlying~~credit or, in the case of section 45X (under which ownership of eligible credit~~.~~ property is not required), is considered (under the regulations under section 45X) the taxpayer with respect to which the section 45X credit is determined. All rules that relate to the determination of the eligible credit, such as the rules in sections 49 and 50(b) of the Code, apply to the eligible taxpayer and therefore can limit the amount of eligible credit determined with respect to an eligible credit property that can be transferred. Rules relating to the amount of an eligible credit that is allowed to be claimed by an eligible taxpayer, such as the rules in sections 38(c) or 469 of the Code, do not limit the eligible credit determined, but do apply to a transferee taxpayer as described in paragraph (f)(3) of this section.

(2) *Application of section 49 at-risk rules to determination of eligible credits for partnerships and S corporations.* Any amount of eligible credit determined with respect to investment credit property held directly by a transferor partnership or transferor S corporation that is eligible credit property (eligible investment credit property) must be determined by the partnership or S corporation taking into account the section 49 at-risk rules at the partner or shareholder level as of the close of the taxable year in which the eligible investment credit property is placed in service. Thus, if the credit base of an eligible investment credit property is limited to a partner or an S corporation shareholder by section 49, then the amount of the eligible credit determined by the transferor partnership or transferor S corporation is also limited. A transferor partnership or transferor S corporation that transfers any specified credit portion with respect to an eligible investment credit property must request from each of its partners or shareholders, respectively, that is subject to section 49, the amount of such partner's or shareholder's nonqualified nonrecourse financing with respect to the eligible investment credit property as of the close of the taxable year in which the property is placed in service. Additionally, the transferor partnership or transferor S corporation must attach to its tax return for the taxable year in which the eligible investment credit property is placed in service, the amount of each partner's or shareholder's section 49 limitation with respect to any specified credit portion transferred with respect to the eligible investment credit property. Changes to at-risk amounts under section 49 for partners or S corporation shareholders after the close of the taxable year in which the eligible investment credit property is placed in service do not impact the eligible credit determined by the transferor partnership or transferor S corporation, but do impact the partner(s) or S corporation shareholder(s) as described in §1.6418-3(a)(6)(ii).

(e) *Treatment of payments made in connection with a transfer election--(*1) *In general.* An amount paid by a transferee taxpayer to an eligible taxpayer is in

connection with a transfer election with respect to a specified credit portion only if it is paid in cash (as defined in §1.6418-1(f)), directly relates to the specified credit portion, and is not described in §1.6418-5(a)(3) (describing payments related to an excessive credit transfer).

(2) *Not includible in gross income.* Any amount paid to an eligible taxpayer that is described in paragraph (e)(1) of this section is not includible in the gross income of the eligible taxpayer.

(3) *Not deductible.* No deduction is allowed under any provision of the Code with respect to any amount paid by a transferee taxpayer that is described in paragraph (e)(1) of this section.

(4) *Anti-abuse rule--(*i) *In general.* A transfer election of any specified credit portion, and therefore the transfer of that specified credit portion to a transferee taxpayer, may be disallowed, or the Federal income tax consequences of any transaction(s) effecting such a transfer may be recharacterized, ~~in circumstances where~~when the parties to the transaction have engaged in the transaction or a series of transactions with ~~the~~a principal purpose of avoiding any Federal tax liability beyond the intent of section 6418. ~~A~~For example, an amount of cash paid by a transferee taxpayer will not be considered as paid in connection with the transfer of a specified credit portion under paragraph (e)(1) of this section if a principal purpose of a transaction or series of transactions is to allow an eligible taxpayer to avoid gross income. Conversely, an amount of cash paid by a transferee taxpayer will be considered paid in connection with the transfer of a specified credit portion under paragraph (e)(1) of this section if a principal purpose of a transaction or series of transactions is to increase a Federal income tax deduction of a transferee taxpayer.

(ii) *Example 1.* Taxpayer A, an eligible taxpayer, generates $100 of an eligible credit with respect to an eligible credit property in the course of its trade or business. Taxpayer A also provides services to customers. Taxpayer A offers Customer B, a transferee taxpayer that cannot deduct the cost of the services, the opportunity to be transferred $100 of eligible credit for $100 while receiving Taxpayer A's services for free. Taxpayer A normally charges $20 for the same services without the purchase of

the eligible credit, and ~~the average transfer~~an arm's length price of the eligible credit ~~between unrelated~~without regard to other ~~parties~~commercial relationships is $80 paid in cash for $100 of the eligible credit. Taxpayer A is engaged in a transaction ~~where~~in which it is undercharging for services to Customer B to avoid recognizing $20 of gross income. This transaction is subject to recharacterization under the anti-abuse rule in paragraph (e)(4) of this section, and Taxpayer A will be treated as transferring $100 of the eligible credit for $80, and have $20 of gross income from the services provided to Customer B.

(iii) *Example 2.* Taxpayer C, an eligible taxpayer, generates $100 of an eligible credit with respect to an eligible credit property in the course of its trade or business. Taxpayer C also sells property to customers. Taxpayer C offers Customer D, a transferee taxpayer that can deduct the purchase of property, the opportunity to receive the $100 of eligible credit for $20 while purchasing Taxpayer C's property for $80. Taxpayer C normally charges $20 for the same property without the transfer of the eligible credit, and ~~the average transfer~~an arm's length price of the eligible credit ~~between unrelated~~without regard to other ~~parties~~commercial relationships is $80 paid in cash for $100 of the eligible credit. Taxpayer C is willing to accept the higher price for the property because Taxpayer C has a net operating loss carryover to offset any taxable income from the transaction. This transaction is subject to recharacterization under the anti-abuse rule under paragraph (e)(4) of this section, and Taxpayer C will be treated as selling the property for $20 and transferring $100 of the eligible credit for $80, and Customer D will have a $20 deduction related to the purchase of the property instead of $80.(f) *Transferee taxpayer's treatment of eligible credit--(*1) *Taxable year in which credit taken into account*~~.~~*--(*i) *In general.* In the case of any specified credit portion transferred to a transferee taxpayer pursuant to a transfer election under this section, the transferee taxpayer takes the specified credit portion into account in the transferee taxpayer's first taxable year ending with or ending after the taxable year of the eligible taxpayer with respect to which the eligible credit was determined. Thus, to the extent the taxable years of an eligible taxpayer and a transferee taxpayer end on the same date, the transferee taxpayer will take the specified credit portion into account in that taxable year. To the extent the taxable years of an eligible taxpayer and a transferee taxpayer end on different dates, the transferee taxpayer will take the specified credit portion into account in the transferee taxpayer's first taxable year that ends after the

taxable year of the eligible taxpayer.(.

(ii) *Rule for 52–53-week taxable years.* For purposes of determining the taxable year in which a credit is taken into account under section 6418(d) and paragraph (f)(1)(i) of this section, a 52–53-week taxable year of an eligible taxpayer and transferee taxpayer is deemed to end on or close on the last day of the calendar month nearest to the last day of the 52–53-week taxable year, as the case may be.

(2) *No gross income for a transferee taxpayer whenupon claiming a transferred specified credit portion.* A transferee taxpayer does not have gross income whenupon claiming a transferred specified credit portion even if the amount of cash paid to the eligible taxpayer was less than the amount of the transferred specified credit portion, assuming all other requirements of section 6418 are met. For example, a transferee taxpayer who paid $9X for $10X of a specified credit portion that the transferee taxpayer then claims on its return does not result in the $1X difference being included in the gross income of the transferee taxpayer.

(3) *Transferee treated as the eligible taxpayer--(*i) *In general.* A transferee taxpayer (and not the eligible taxpayer) is treated as the taxpayer for purposes of the Code with respect to the transferred specified credit portion. An eligible taxpayer must apply the rules necessary to determine the amount of an eligible credit prior to making the transfer election for a specified credit portion, and therefore a transferee taxpayer does not re-apply rules that relate to a determination of an eligible credit, such as the rules in sections 49 or 50(b). However, a transferee taxpayer must apply rules that relate to computing the amount of the specified credit portion that is allowed to be claimed in the taxable year by the transferee taxpayer, such as the rules in section 38 or 469, as applicable.

(ii) *Application of section 469.* A specified credit portion transferred to a transferee taxpayer is treated as determined in connection with the conduct of a trade or

business and, if applicable, such transferred specified credit portion is subject to the rules in section 469. In applying section 469, unless a transferee taxpayer ~~is not~~ owns an interest in the eligible taxpayer's trade or business at the time the work was done, the fact that the specified credit portion is treated as determined in connection with the conduct of a trade or business does not cause the transferee taxpayer to be considered to own an interest in the eligible taxpayer's trade or business at the time the work was ~~(as required for material participation under §1.469-5(f)(1))~~done and ~~cannot~~does not change the characterization of the transferee taxpayer's participation (or lack thereof) in the eligible taxpayer's trade or business by using any of the grouping rules under §1.469-4(c).

(4) *Transferee taxpayer requirements to take into account a transferred specified credit portion.* In order for a transferee taxpayer to take into account in a taxable year (as described in paragraph (f)(1) of this section) a specified credit portion that was transferred by an eligible taxpayer, as part of filing a return (or short year return), an amended return, or a request for an administrative adjustment under section 6227 of the Code, the transferee taxpayer must include the following--(i) A properly completed Form 3800, *General Business Credit* (or its successor), to take into account the transferred specified credit portion as a current general business credit, and including all registration number(s) related to the transferred specified credit portion;

(ii) The transfer election statement described in paragraph (b)(5) of this section attached to the return; and

(iii) Any other information related to the transfer election specified in guidance.

(g) *Applicability date.* This section applies to taxable years ending on or after **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER].*** For taxable years ending before **[INSERT DATE OF** ~~FINAL RULE].~~**PUBLICATION IN THE *FEDERAL REGISTER],***

taxpayers, however, may choose to apply the rules of this section and §§1.6418-1, -3, and -5, provided the taxpayers apply the rules in their entirety and in a consistent manner.

§1.6418-3 Additional rules for partnerships and S corporations.

(a) *Rules applicable to both partnerships and S corporations--(*1) *Partnerships and S corporations as eligible taxpayers and transferee taxpayers.* Under section 6418, a partnership or an S corporation may qualify as a transferor partnership or a transferor S corporation and may elect to make a transfer election to transfer a specified credit portion to a transferee taxpayer. A partnership or an S corporation may also qualify as a transferee partnership or a transferee S corporation. This section provides rules applicable to transferor partnerships and transferor S corporations and transferee partnerships and transferee S corporations. Paragraph (b) of this section provides rules applicable solely to partnerships. Paragraph (c) of this section provides rules applicable solely to S corporations. Paragraph (d) of this section provides guidelines for the manner and due date for which a partnership or an S corporation makes an election under section 6418(a). Paragraph (e) of this section contains examples illustrating the operation of the provisions of this section. Except as provided in this section, the general rules under section 6418 and the section 6418 regulations apply to partnerships and S corporations.

(2) *Treatment of cash received for a specified credit portion.* In the case of any specified credit portion determined with respect to any eligible credit property held directly by a partnership or an S corporation, if such partnership or S corporation makes a transfer election with respect to such specified credit portion--

(i) Any amount of cash payment received as consideration for the transferred specified credit portion will be treated as tax exempt income for purposes of sections 705 and 1366 of the Code; and

(ii) A partner's distributive share of such tax exempt income will be as described in paragraphs (b)(1) and (2) of this section.

(3) *No partner or shareholder level transfers.* In the case of an eligible credit

property held directly by a partnership or an S corporation, no transfer election by any partner or S corporation shareholder is allowed under §1.6418-2 or this section with respect to any specified credit portion determined with respect to such eligible credit property.

(4) *Disregarded entity ownership.* In the case of an eligible credit property held directly by an entity disregarded as separate from a partnership or an S corporation for Federal income tax purposes, such eligible credit property will be treated as held directly by the partnership or S corporation for purposes of making a transfer election.

(5) *Treatment of tax exempt income.* Tax exempt income resulting from the receipt of consideration for the transfer of a specified credit portion by a transferor partnership or transferor S corporation is treated as arising from an investment activity and not from the conduct of a trade or business within the meaning of section 469(c)(1)(A). As such, any tax exempt income is not treated as passive income to any direct or indirect partners or shareholders who do not materially participate within the meaning of section 469(c)(1)(B).

(6) *Certain recapture events not requiring notice—(*i) *Indirect dispositions under section 50—(*A) *Treatment of transferor partnership or transferor S corporation and transferee taxpayer.* For purposes of section 6418(g)(3)(B) only, the disposition of a partner's interest under §1.47-6(a)(2) or an S corporation shareholder's interest under §1.47-4(a)(2) in an eligible taxpayer that is treated as a transferor partnership or transferor S corporation is disregarded. As such, provided the investment credit property that is eligible credit property owned by the transferor partnership or transferor S corporation is not disposed of, and continues to be investment credit property with respect to such transferor partnership or transferor S corporation, a transferor partnership or transferor S corporation ~~should~~is not required to provide notice to a transferee taxpayer of an interest disposition by the partner or shareholder because the disposition does not result in recapture under section 6418(g)(3)(B) to which the

transferee taxpayer is liable, and thus, the transferee taxpayer does not have to calculate a recapture amount.

(B) *Treatment of partner or shareholder.* A partner or an S corporation shareholder that has disposed of an interest in a transferor partnership or transferor S corporation is subject to the rules relating to such disposition under §1.47-6(a)(2) or §1.47-4(a)(2), respectively. Any recapture to a disposing partner is calculated based on the partner's share of the basis (or cost) of the section 38 property to which the specified credit portion was determined in accordance with §1.46-3(f). Any recapture to a disposing shareholder is calculated based on the shareholder's pro rata share of the basis (or cost) of the section 38 property to which the specified credit portion was determined in accordance with §1.48-5.

(ii) *Changes in at-risk amounts under section 49—(*A) *Treatment of transferor partnership or transferor S corporation and transferee taxpayer.* For purposes of section 6418 only, a change in the nonqualified nonrecourse financing (as defined in section 49(a)(1)(D)) amount of any partner or shareholder of a transferor partnership or transferor S corporation, respectively, after the close of the taxable year in which the investment credit property is placed in service and the specified credit portion is determined, is disregarded. A transferor partnership or transferor S corporation ~~should~~is not required to provide notice to a transferee taxpayer of the change because the change does not cause recapture under section 6418(g)(3)(B) to which the transferee taxpayer is liable, and thus, the transferee taxpayer does not have to calculate a recapture amount.

(B) *Treatment of partner or shareholder.* A partner or shareholder in a transferor partnership or transferor S corporation, respectively, must apply the rules under section 49 at the partner or shareholder level if there is a change in nonqualified nonrecourse financing with respect to the partner or shareholder after the close of the taxable year in which the investment credit property is placed in service and the specified credit portion is determined. If there is an increase in nonqualified nonrecourse financing to a partner, any adjustment under the rules of section 49(b) is calculated based on the partner's share of the basis (or cost) of the section 38 property to which the specified credit portion was determined in accordance with §1.46-3(f). If there is an increase in nonqualified nonrecourse financing to a shareholder, any adjustment under the rules of

section 49(b) is calculated based on the shareholder's pro rata share of the basis (or cost) of the section 38 property to which the specified credit portion was determined in accordance with §1.48-5. If there is a decrease in nonqualified nonrecourse financing, any increase in the credit base is taken into account by the partner or shareholder as provided under section 49, and any resulting credit is not eligible for transfer under section 6418.(b) *Rules applicable to partnerships—(*1) *Allocations of tax exempt income amounts generally.* A transferor partnership must generally determine a partner's distributive share of any tax exempt income resulting from the receipt of consideration for the transfer based on such partner's proportionate distributive share of the eligible credit that would otherwise have been allocated to such partner absent the transfer of the specified credit portion (otherwise eligible credit). A partner's distributive share of an otherwise eligible credit is determined under §§1.46-3(f) and 1.704-1(b)(4)(ii). Tax exempt income resulting from the receipt of consideration for the transfer of a specified credit portion by a transferor partnership is treated as received or accrued, including for purposes of section 705 of the Code, as of the date the specified credit portion is determined with respect to the transferor partnership (such as, for investment credit property, the date the property is placed in service).

(2) *Special rule for allocations of tax exempt income amounts and eligible credits for an election to transfer less than all eligible credits determined with respect to an eligible credit property.* In the event a transferor partnership elects to transfer one or more specified credit portions of less than all eligible credits determined with respect to an eligible credit property held directly by the partnership, the partnership may allocate any tax exempt income resulting from the receipt of consideration for the specified credit portion(s) in accordance with the rules in this paragraph (b)(2).

(i) First, the partnership must determine each partner's distributive share of the

otherwise eligible credits with respect to such eligible credit property in accordance with paragraph (b)(1) of this section (partner's eligible credit amount).

(ii) Thereafter, the transferor partnership may determine, in any manner described in the partnership agreement, or as the partners may agree, the portion of each partner's eligible credit amount to be transferred, and the portion of each partner's eligible credit amount to be retained and allocated to such partner. The partnership may allocate to each partner its agreed upon share of eligible credits, tax exempt income resulting from the receipt of consideration for the specified credit portion(s), or both, as the case may be, provided that—

(A) The amount of eligible credits allocated to each partner ~~may not~~cannot exceed such partner's eligible credit amount; and

(B) Each partner is allocated its proportionate share of tax exempt income resulting from the transfer(s).

(iii) Each partner's proportionate share of tax exempt income resulting from the transfer(s) is equal to the total amount of tax exempt income resulting from the transfer(s) of the specified credit portion(s) by the partnership multiplied by a fraction—

(A) The numerator of which is such partner's eligible credit amount minus the amount of eligible credits actually allocated to such partner with respect to the eligible credit property for the taxable year; and

(B) The denominator of which is the specified credit portion(s) transferred by the partnership with respect to the eligible credit property for the taxable year.

(3) *Transferor partnerships in tiered structures.* If a partnership (upper-tier partnership) is a direct or indirect partner of a transferor partnership and directly or indirectly receives—

(i) An allocation of an eligible credit, the upper-tier partnership is not an eligible taxpayer under section 6418 with respect to any eligible credit allocated by a transferor

partnership; or

(ii) An allocation of tax exempt income resulting from the receipt of consideration for the transfer of a specified credit portion by a transferor partnership, the upper-tier partnership must determine its partners' distributive shares of such tax exempt income in proportion to the partners' distributive shares of the otherwise eligible credit as provided in paragraph (b)(1) of this section.(4) *Partnership as a transferee taxpayer—(*i) *Eligibility under section 6418.* A partnership may qualify as a transferee partnership to the extent it is not related (within the meaning of section 267(b) or 707(b)(1)) to an eligible taxpayer. A transferee partnership is subject to the no additional transfer rule in §1.6418-2(c)(2), however, an allocation of a transferred specified credit portion to a direct or indirect partner of a transferee partnership under section 704(b) is not a transfer for purposes of section 6418.

(ii) *Treatment of a cash payment for a transferred specified credit portion.* A cash payment by a transferee partnership as consideration for a transferred specified credit portion is treated as an expenditure described in section 705(a)(2)(B).

(iii) *Allocations of transferred specified credit portions.* A transferee partnership must determine each partner's distributive share of any transferred specified credit portion based on such partner's distributive share of the nondeductible expenses for the taxable year used to fund the purchase of such transferred specified credit portion. Each partner's distributive share of the nondeductible expenses used to fund the purchase of any transferred specified credit portion is determined by the partnership agreement, or, if the partnership agreement does not provide for the allocation of nondeductible expenses paid pursuant to section 6418, then the allocation of the specified credit portion is based on the transferee partnership's general allocation of nondeductible expenses.

(iv) *Transferred specified credit portion treated as an extraordinary item.* A transferred specified credit portion is treated as an extraordinary item and must be allocated among the partners of a transferee partnership as of the time the transfer of the specified credit portion to the transferee partnership is treated as occurring in accordance with this paragraph (b)(4)(iv) and §1.706-4(e)(1) and (e)(2)(ix). If the transferee partnership and eligible taxpayer have the same taxable years, the transfer of a specified credit portion to a transferee partnership is treated as occurring on the first date that the transferee partnership makes a cash payment to the eligible taxpayer as consideration for the specified credit portion. If the transferee partnership and eligible taxpayer have different taxable years, the transfer of a specified credit portion to a transferee partnership is treated as occurring on the later of–

(A) The first date of the taxable year that the transferee partnership takes the specified credit portion into account under section 6418(d); or

(B) The first date that the transferee partnership makes a cash payment to the eligible taxpayer for the specified credit portion.

(v) *Transferee partnerships in tiered structures.* If an upper-tier partnership is a direct or indirect partner of a transferee partnership and directly or indirectly receives an allocation of a transferred specified credit portion, the upper-tier partnership is not an eligible taxpayer under section 6418 with respect to the transferred specified credit portion. The upper-tier ~~partnership must determine each partner's~~partnership's distributive share of the transferred specified credit portion is treated as an extraordinary item to the ~~transferred~~upper-tier partnership and must be allocated among the partners of the upper-tier partnership as of the time the transfer of the specified credit portion to the transferee partnership is treated as occurring in accordance with paragraph~~s~~ (b)(4)(~~iii) and (~~iv) of this section and §1.706-4(e)(1) and (e)(2)(ix), regardless of whether the transferee partnership and upper-tier partnership have different taxable years under section 706(b). The upper-tier partnership must report the credits to its partners in accordance with guidance.

(c) *Rules applicable to S corporations—(*1) *Pro rata shares of tax exempt income*

amounts. Each shareholder of a transferor S corporation must take into account such shareholder's pro rata share (as determined under section 1377(a) of the Code) of any tax exempt income resulting from the receipt of consideration for the transfer. Tax exempt income resulting from the receipt of consideration for the transfer of a specified credit portion by a transferor S corporation is treated as received or accrued, including for purposes of section 1366, as of the date the specified credit portion is determined with respect to the transferor S corporation (such as, for investment credit property, the date the property is placed in service).

(2) *S corporation as a transferee taxpayer--(*i) *Eligibility under section 6418.* An S corporation may qualify as a transferee taxpayer to the extent it is not related (within the meaning of section 267(b) or 707(b)(1)) to an eligible taxpayer (transferee S corporation). A transferee S corporation is subject to the no additional transfer rule in §1.6418-2(c)(2), however, an allocation of a transferred specified credit portion to a direct or indirect shareholder of a transferee S corporation is not a transfer for purposes of section 6418.

(ii) *Treatment of a cash payment for a transferred specified credit portion.* A cash payment by a transferee S corporation as consideration for a transferred specified credit portion is treated as an expenditure described in section 1367(a)(2)(D) of the Code.

(iii) *Pro rata shares of transferred specified credit portions.* Each shareholder of a transferee S corporation must take into account such shareholder's pro rata share (as determined under section 1377(a)) of any transferred specified credit portion. If the transferee S corporation and eligible taxpayer have the same taxable years, the transfer of a specified credit portion is treated as occurring to a transferee S corporation during the transferee S corporation's permitted year (as defined under sections 444 and 1378(b)) that the transferee S corporation first makes a cash payment as consideration to the eligible taxpayer for the specified credit portion. If the transferee S corporation

and eligible taxpayer have different taxable years, then the transfer of a specified credit portion is treated as occurring to a transferee S corporation during the transferee S corporation's first permitted year (as defined under sections 444 and 1378(b)) ending with or after, the taxable year of the eligible taxpayer to which the transferred specified credit portion was determined.

(d) *Transfer election by a partnership or an S corporation--(*1) *In general.* A partnership or an S corporation may make a transfer election to transfer a specified credit portion under section 6418 if it files an election in accordance with the rules set forth in this paragraph (d). A transfer election is made on the basis of an eligible credit property and only applies to the specified credit portion identified in the transfer election by such partnership or S corporation in the taxable year for which the election is made.

(2) *Manner and due date of making a transfer election.* A transfer election for a specified credit portion must be made in the manner provided in §1.6418-2(b)(1) through (3). All documents required in §1.6418-2(b)(1) through (3) must be attached to the partnership or S corporation return for the taxable year during which the transferred specific credit portion was determined. For the transfer election to be valid, the return must be filed not later than the time prescribed by §§1.6031(a)-1(e) and 1.6037-1(b) (including extensions of time) for filing the return for such taxable year. No transfer election may be made ~~or revised~~for the first time on an amended return, withdrawn on an amended return, or made or withdrawn by filing an administrative adjustment request under section 6227 of the Code. A numerical error with respect to a properly claimed transfer election may be corrected on an amended return or by filing an administrative adjustment request under section 6227 if necessary; however, the partnership or S corporation's original return, which must be signed under penalties of perjury, must contain all of the information, including a registration number, required by these final regulations. In order to correct an error on an amended return or administrative

adjustment request under section 6227, a partnership or an S corporation must have made an error in the information included on the original return such that there is a substantive item to correct; a partnership or an S corporation cannot correct a blank item or an item that is described as being "available upon request." There is no late election relief available under §§ 301.9100-1 ~~through~~or 301.9100-3 of this chapter for a transfer election that is not timely filed~~.~~; however, relief under §301.9100-2(b) may apply if the partnership or S corporation has not received an extension of time to file a return after the original due date, has timely filed a return, takes corrective action under §301.9100-2(c) within the six-month extension period, and meets the procedural requirements outlined in §301.9100-2(d).

(3) *Irrevocable election.* A transfer election by a partnership or an S corporation is irrevocable.

(e) *Examples.* The examples in this paragraph (e) illustrate the application of paragraphs (a)(6), (b), and (c) of this section.

(1) *Example 1. Transfer of all eligible credits by a transferor partnership*--

(i) *Facts.* A and B each contributed $150X of cash to AB partnership for the purpose of investing in energy property. The partnership agreement provides that A and B share equally in all items of income, gain, loss, deduction, and credit of AB partnership. AB partnership invests $300X in an energy property in accordance with section 48 and places the energy property in service on date X in year 1. As of the end of year 1, AB partnership has $90X of eligible credits under section 48 with respect to the energy property. Before AB partnership files its tax return for year 1, AB partnership transfers the $90X of eligible credits to an unrelated transferee taxpayer, Transferee Taxpayer X for $80X and executes a transfer election statement with Transferee Taxpayer X.

(ii) *Analysis.* Under §1.6418-3(b)(1), AB partnership allocates the tax exempt income resulting from the transfer of the specified credit portion proportionately among the partners based on each partner's distributive share of the otherwise eligible section 48 credit as determined under §§1.46-3(f) and 1.704-1(b)(4)(ii). Under §1.46-3(f)(2),

each partner's share of the basis of the energy property is determined in accordance with the ratio in which the partners divide the general profits (or taxable income) of the partnership. Under the AB partnership agreement, A and B share partnership profits equally. Thus, each partner's share of the basis of the energy property under §1.46-3(f) and distributive share of the otherwise eligible credits under §1.704-1(b)(4)(ii) is 50 percent. The transfer made pursuant to section 6418(a) causes AB partnership's eligible credits under section 48 with respect to the energy property to be reduced to zero, and the consideration of $80X received by AB partnership for the transferred specified credit portion is treated as tax exempt income. Because the tax exempt income is allocated in the same proportion as the otherwise eligible credit would have been allocated, A and B will each be allocated $40X of tax exempt income. Each of partner A's and partner B's basis in its partnership interest and capital account will be increased by $40X. Also in year 1, the basis in the energy property held by AB partnership and with respect to which the credit is calculated is reduced under section 50(c)(3) by 50 percent of the amount of the credit so determined, or $45X. A's and B's basis in their partnership interests and capital accounts will be appropriately adjusted to take into account adjustments made to the energy property under section 50(c)(5) and §1.704-1(b)(2)(iv)(*j).* The tax exempt income received or accrued by AB partnership as a result of the transferred specified credit portion is treated as received or accrued, including for purposes of section 705, as of date X in year 1, which is the date the transferred specified credit portion was determined with respect to AB partnership.

(2) *Example 2. Recapture to a transferor partnership--(*i) *Facts.* Assume the same facts as in paragraph (e)(1)(i) of this section (*Example 1),* except in year 3, within the recapture period related to the energy property, A reduces its proportionate interest in the general profits of the partnership by 50 percent causing a recapture event to A under §1.47-6(a)(2). The energy property is not disposed of by AB partnership and

continues to be energy property with respect to AB partnership.

(ii) *Analysis.* AB partnership should not provide notice of recapture to Transferee Taxpayer X as a result of the recapture event under §1.47-6(a)(2) with respect to A. Transferee Taxpayer X is not liable for any recapture amount. A, however, is subject to recapture as provided in §1.47-6(a)(2) and based on its share of the basis (or cost) of the energy property to which the eligible credits were determined under §1.46-3(f)(2).

(3) *Example 3. Transfer of a portion of eligible credits by a transferor partnership--(*i) *Facts.* C and D each contributed cash to CD partnership for the purpose of investing in a qualified wind facility. The partnership agreement provides that until a flip point, C is allocated 99 percent of all items of income, gain, loss, deduction and credit of CD partnership and D is allocated the remaining 1 percent of such items. After the flip point, C is allocated 5 percent of all items of income, gain, loss, deduction and credit of CD Partnership and D is allocated 95 percent of such items. CD partnership invests in a qualified wind facility and places the facility in service in year 1. CD partnership generates $100X of credit under section 45(a) for year 1. Before the due date for CD partnership's year 1 tax return (with extension), C and D agree that D's share of the eligible credit will be transferred, and C will be allocated its share of eligible credit. CD partnership transfers $1X of the eligible credit to an unrelated transferee taxpayer for $1X. The flip point has not been reached by the end of year 1.

(ii) *Analysis.* Under paragraph (b)(2) of this section, CD partnership must first determine each partner's eligible credit amount, which is equal to such partner's distributive share of the otherwise eligible section 45(a) credit as determined under §1.704-1(b)(4)(ii). Under §1.704-1(b)(4)(ii), for an eligible credit that is not an investment tax credit, allocations of credit are deemed to be in accordance with the partner's interest in the partnership if the credit is allocated in the same proportion as

the partners' distributive share of the receipts that give rise to the credit. The CD partnership agreement provides that until the flip point, C is allocated 99 percent of all items of income, gain, loss, deduction and credit of CD partnership and D is allocated the remaining 1 percent of such items. Assuming all requirements of the safe harbor provided for in Revenue Procedure 2007-65, 2007-2 CB 967 are met, CD partnership's allocations of the otherwise eligible credits would be respected as in accordance with section 704(b). Thus, partner C's and partner D's distributive share of the otherwise eligible credit is 99 percent and 1 percent, respectively. C and D have agreed to sell D's eligible credit amount of $1X for full value and to allocate to C its eligible credit amount of $99X. The transfer made pursuant to section 6418(a) causes CD partnership's eligible credits under section 45(a) with respect to the wind facility to be reduced to $99X, and the consideration of $1X received by CD partnership is treated as tax exempt income. D is allocated $1X of tax exempt income from the transfer of the eligible credits, and C is allocated $99X of eligible credits under section 45(a) with respect to the wind facility. Neither C nor D is allocated more eligible credits than its eligible credit amount. Additionally, D is allocated an amount of tax exempt income equal to $1X x (1 – 0)/1 and C is allocated none of the tax exempt income. The allocations of eligible credits and tax exempt income are permissible allocations under paragraph (b)(2) of this section.

(4) *Example 4. Upper-tier partnership of a transferor partnership--(*i) *Facts.* E, F, and G each contributed $100X of cash to EFG partnership for the purpose of investing in an energy property. E, F, and G are partnerships for Federal income tax purposes. The partnership agreement provides that E, F and G share equally in all items of income, gain, loss, and deduction of EFG partnership. EFG partnership invests $300X in an energy property in accordance with section 48 and places the energy property in service in year 1. As of the end of year 1, EFG partnership has $90X of eligible credits

under section 48 with respect to the energy property. Before the due date for EFG partnership's year 1 tax return (with extension), E, F and G agree that E's share of the eligible credits will be transferred, and F and G will each be allocated their shares of eligible credits (or basis). EFG partnership transfers $30X of the eligible credits to an unrelated transferee taxpayer for $25X. Assuming the allocations to E, F and G of the eligible credits and tax exempt income resulting from the receipt of cash for the transferred specified credit portion are permissible allocations under paragraph (b)(2) of this section, E is allocated $25X of tax exempt income from the transfer of the eligible credits and F and G are each allocated $30X of ~~basis~~eligible credits with respect to the energy property.

(ii) *Analysis.* E must allocate the $25X of tax exempt income to its partners as if it had retained its share of the eligible credits. Under §1.46-3(f)(2), each partner's share of the basis of the section 48 energy property is determined in accordance with the ratio in which the partners divide the general profits (or taxable income) of the partnership. The E partnership agreement provides for equal allocations of income, gain, deduction, and loss to its partners, and thus, E partnership must allocate the otherwise eligible credits in the same manner. Therefore, E partnership must allocate the $25X of tax exempt income equally among its partners. In accordance with paragraph (b)(3)(i) of this section, F and G do not qualify as an eligible taxpayer for purposes of section 6418 and thus, are not permitted to make a transfer election for any portion of the $30X of eligible credit allocated to them by EFG partnership. Under §1.46-3(f)(2), each partner's share of the basis of the section 48 energy property is determined in accordance with the ratio in which the partners divide the general profits (or taxable income) of the partnership. The F and G partnership agreements provide for equal allocations of income, gain, deduction, and loss to its partners, and F and G must allocate the basis

from the energy property to their partners in the same manner.

(5) *Example 5. Transferee partnership--(*i) *Facts.* Y and Z each contributed $50X of cash to YZ partnership for the purpose of purchasing eligible section 45 credits under section 6418. The partnership agreement provides that all items of income, gain, loss, deduction, and credit are shared equally among Y and Z. The partnership agreement also provides that any nondeductible expenses used to fund the purchase of any transferred specified credit portion will be shared equally among Y and Z. On date X in year 1, YZ partnership qualifies as a transferee taxpayer and makes a cash payment of $80X to an eligible taxpayer for $100X of a transferred specified credit portion. The eligible credits will be determined with respect to the eligible taxpayer as of the end of year 1. Both YZ partnership and the eligible taxpayer are calendar year taxpayers.(ii) *Analysis.* The cash payment of $80X made by YZ partnership for the transferred specified credit portion is treated as a nondeductible expenditure under section 705(a)(2)(B). Under paragraph (b)(4)(iii) of this section, YZ partnership must determine each partner's distributive share of the transferred specified credit portion based on such partner's distributive share of the nondeductible expenses for the taxable year used to fund the purchase of such transferred specified credit portion. The YZ partnership agreement provides that nondeductible expenses used to fund the purchase of any transferred specified credit portion will be shared equally among Y and Z and thus, the transferred specified credit portion is also shared equally among Y and Z. The transferred specified credit portion is treated as an extraordinary item under §1.706-4(e)(2)(ix) that is deemed to occur on date X in year 1. As of date X in year 1, each of Y and Z are allocated $40X of a section 705(a)(2)(B) expenditure with respect to the cash payment for the transferred specified credit portion and $50X of transferred section 45 credits.

(6) *Example 6. Upper-tier partnership of a transferee partnership--(*i) *Facts.*

Assume the same facts as in paragraph (e)(5)(i) of this section (*Example 5),* except Y is a partnership for Federal tax purposes, and Z is a U.S. C corporation for Federal tax purposes. (as defined in section 1361(a)(2) of the Code).

(ii) *Analysis.* In accordance with paragraph (b)(4)(v) of this section, Y does not qualify as an eligible taxpayer for purposes of section 6418 for that portion of the transferred specified credit portion allocated to it by YZ partnership. Under paragraph (b)(4)(iii) of this section, Y must determine each partner's distributive share of the transferred specified credit portion based on such partner's distributive share of the nondeductible expenses for the taxable year used to fund the purchase of such transferred specified credit portion. The Y partnership agreement provides that all items of income, gain, loss, deduction, and credit are shared equally. The partnership agreement also provides that any nondeductible expenses used to fund the purchase of any specified credit portion are shared equally. Thus, the transferred specified credit portion must be shared equally among the partners of Y. Y's distributive share of the transferred specified credit portion is treated as an extraordinary item to Y and must be allocated among the partners of Y as of date X in year 1, which is when the item is deemed to occur to YZ partnership, regardless of whether Y and YZ partnership have the same taxable years under section 706(b).

(7) *Example 7. Transferor S corporation--(*i) *Facts.* V and W each contributed $150X of cash to an S corporation for the purpose of investing in energy property. The S corporation invests $300X in an energy property in accordance with section 48 and places the energy property in service on date X in year 1. As of the end of year 1, the S corporation has $90X of eligible credits under section 48 with respect to the energy property. Before the due date for the S corporation's year 1 tax return (with extension), the S corporation transfers the $90X of eligible credits to an unrelated transferee taxpayer for $80X.

(ii) *Analysis.* The transfer made pursuant to section 6418(a) causes the S corporation's eligible credits under section 48 with respect to the energy property to be reduced to zero, and the consideration of $80X received by the S corporation for the transferred specified credit portion is treated as tax exempt income. Under paragraph (c)(1) of this section, each of V and W must take into account its pro rata share (as determined under section 1377(a)) of any tax exempt income resulting from the receipt of consideration for the transfer of the eligible credit, or $40X. Under section 1367(a)(1)(A), each of the shareholder's basis in its stock will be increased by $40X. Also in year 1, the basis in the energy property with respect to which the credit is calculated is reduced under section 50(c)(3) by 50 percent of the amount of the credit so determined, or $45X. The tax exempt income received or accrued by the S corporation as a result of the transfer of the specified credit portion is treated as received or accrued, including for purposes of section 1366, as of date X in year 1, which is the date the transferred specified credit portion was determined with respect to the transferor S corporation.

(8) *Example 8. Transferee S corporation--(*i) *Facts.* J and K each contributed $50X of cash to an S corporation for the purpose of purchasing eligible section 48 credits under section 6418. At the beginning of year 2, the S corporation qualifies as a transferee taxpayer and makes a cash payment of $80X to an eligible taxpayer for $100X of a transferred specified credit portion. The transferred specified credit portion was determined with respect to the eligible taxpayer for energy property placed in service in year 1. Both the S corporation and the eligible taxpayer are calendar year taxpayers.

(ii) *Analysis.* The cash payment of $80X made by the S corporation for the transferred specified credit portion is treated as an expenditure described in section 1367(a)(2)(D). Each of J and K must take into account its pro rata share (as determined

under section 1377(a)) of the transferred specified credit portion. The transferred specified credit portion is deemed to arise for purposes of sections 1366 and 1377 during year 2 of the S corporation. For year 2, each of J and K take into account $40X of a section 1367(a)(2)(D) expenditure with respect to the cash payment for the transferred specified credit portion and $50X of transferred section 48 credits.

(f) *Applicability date.* This section applies to taxable years ending on or after **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER].*** For taxable years ending before **[INSERT DATE OF** ~~FINAL RULE].~~**PUBLICATION IN THE *FEDERAL REGISTER],***

taxpayers, however, may choose to apply the rules of this section and §§1.6418-1, -2, and -5, provided the taxpayers apply the rules in their entirety and in a consistent manner.

§1.6418-4 Additional information and registration.

(a) *Pre-filing registration and election.* As a condition of, and prior to, any specified credit portion being transferred by an eligible taxpayer to a transferee taxpayer pursuant to an election under §1.6418-2, or a specified credit portion being transferred by a partnership or an S corporation pursuant to §1.6418-3, the eligible taxpayer is required to satisfy the pre-filing registration requirements in paragraph (b) of this section. An eligible taxpayer that does not obtain a registration number under paragraph (c)(1) of this section, and report the registration number on its return pursuant to paragraph (c)(5) of this section, is ineligible to make a transfer election for a specified credit portion under §1.6418-2 or §1.6418-3, with respect to the eligible credit determined with respect to the specific eligible credit property for which the eligible taxpayer has failed to obtain and report a registration number. However, completion of the pre-filing registration requirements and receipt of a registration number does not, by

itself, mean the eligible taxpayer is eligible to transfer any specified credit portion determined with respect to the eligible credit property.

(b) *Pre-filing registration requirements--(*1) *Manner of pre-filing registration.* Unless otherwise provided in guidance, eligible taxpayers must complete the pre-filing registration process electronically through an IRS electronic portal and in accordance with the instructions provided therein.

(2) *Pre-filing registration and election for members of a consolidated group.* A member of a consolidated group (as defined in §1.1502-1) is required to complete pre-filing registration to transfer any eligible credit determined with respect to the member. *See* §1.1502-77 (providing rules regarding the status of the common parent as agent for its members).

(3) *Timing of pre-filing registration.* An eligible taxpayer must satisfy the pre-filing registration requirements of this paragraph (b) and receive a registration number under paragraph (c) of this section prior to making a transfer election under §1.6418-2 or §1.6418-3 for a specified credit portion on the taxpayer's return for the taxable year at issue.

(4) *Each eligible credit property must have its own registration number.* An eligible taxpayer must obtain a registration number for each eligible credit property with respect to which a transfer election of a specified credit portion is made.

(5) *Information required to complete the pre-filing registration process.* Unless modified in future guidance, an eligible taxpayer is required to provide the following information to the IRS to complete the pre-filing registration process:

(i) The eligible taxpayer's general information, including its name, address, taxpayer identification number, and type of legal entity;

(ii) Any additional information required by the IRS electronic portal, such as information establishing that the entity is an eligible taxpayer;

(iii) The taxpayer's taxable year, as determined under section 441;

(iv) The type of annual tax return(s) normally filed by the eligible taxpayer, or that the eligible taxpayer does not normally file an annual tax return with the IRS;

(v) The type of eligible credit(s) for which the eligible taxpayer intends to make a transfer election;

(vi) Each eligible credit property that the eligible taxpayer intends to use to determine a specified credit portion for which the eligible taxpayer intends to make a transfer election;

(vii) For each eligible credit property listed in paragraph (b)(5)(vi) of this section, any further information required by the IRS electronic portal, such as—

(A) The type of eligible credit property;

(B) Physical location (that is, address and coordinates (longitude and latitude) of the eligible credit property);

(C) ~~Any s~~Supporting documentation relating to the construction or acquisition of the eligible credit property (such as State, Indian Tribal, or local government permits to operate the eligible credit property, certifications, evidence of ownership that ties to a land deed, lease, or other documented right to use and access any land or facility upon which the eligible credit property is constructed or housed, and U.S. Coast Guard registration numbers for offshore wind vessels);

(D) The beginning of construction date, and the placed in service date of the eligible credit property; and

(E) Any other information that the eligible taxpayer believes will help the IRS evaluate the registration request;

(viii) The name of a contact person for the eligible taxpayer. The contact person is the person whom the IRS may contact if there is an issue with the registration. The contact person must either:

(A) Possess legal authority to bind the eligible taxpayer; or

(B) Must provide a properly executed power of attorney on Form 2848, *Power of Attorney and Declaration of Representative;*

(ix) A penalties of perjury statement, effective for all information submitted as a complete application, and signed by a person with personal knowledge of the relevant facts that is authorized to bind the registrant; and

(x) Any other information the IRS deems necessary for purposes of preventing duplication, fraud, improper payments, or excessive payments under this section that is provided in guidance.

(c) *Registration number--(*1) *In general.* The IRS will review the registration information provided and will issue a separate registration number for each eligible credit property for which the eligible taxpayer provided sufficient verifiable information.

(2) *Registration number is only valid for one taxable year.* A registration number is valid with respect to an eligible taxpayer only for the taxable year in which the credit is determined for the eligible credit property for which the registration is completed, and for a transferee taxpayer's taxable year in which the eligible credit is taken into account under §1.6418-2(f).

(3) *Renewing registration numbers.* If an election to transfer an eligible credit will be made with respect to an eligible credit property for a taxable year after a registration number under this section has been obtained, the eligible taxpayer must renew the registration for that subsequent taxable year in accordance with applicable guidance, including attesting that all the facts previously provided are still correct or updating any facts.

(4) *Amendment of previously submitted registration information if a change occurs before the registration number is used.* As provided in instructions to the pre-filing registration portal, if specified changes occur with respect to one or more

applicable credit properties for which a registration number has been previously obtained, but not yet used, an eligible taxpayer must amend the registration (or may need to submit a new registration) to reflect these new facts. For example, if the owner of a facility previously registered for a transfer election under §1.6418-2 or §1.6418-3 for eligible credits determined with respect to that facility and the facility undergoes a change of ownership (incident to a corporate reorganization or an asset sale) such that the new owner has a different employer identification number (EIN) than the owner who obtained the original registration, the original owner of the facility must amend the original registration to disassociate its EIN from the eligible credit property and the new owner must submit separately an original registration (or if the new owner previously registered other credit properties, must amend its original registration) to associate the new owner's EIN with the previously registered eligible credit property.

(5) *Reporting of registration number by an eligible taxpayer and a transferee taxpayer--(*i) *Eligible taxpayer reporting.* As part of making a valid transfer election under §1.6418-2 or §1.6418-3, an eligible taxpayer must include the registration number of the eligible credit property on the eligible taxpayer's return (as provided in §1.6418-2(b) or §1.6418-3(d)) for the taxable year the specified credit portion was determined.

The IRS will treat ~~an~~a transfer election as ineffective if ~~the~~an eligible taxpayer ~~does not~~fails to include ~~a valid~~the registration number of the eligible credit property on the eligible taxpayer's return.

(ii) *Transferee taxpayer reporting.* A transferee taxpayer must report the registration number received (as part of the transfer election statement as described in §1.6418-2(b) or otherwise) from a transferor taxpayer on the Form 3800, *General Business Credit,* as part of the return for the taxable year that the transferee taxpayer takes the transferred specified credit portion into account. The specified credit portion will be disallowed to the transferee taxpayer if the transferee taxpayer does not include

the registration number on the return.

(d) *Applicability date.* This section applies to taxable years ending on or after **[INSERT DATE OF PUBLICATION ~~OF FINAL RULE].~~IN THE *FEDERAL REGISTER].***

§1.6418-5 Special rules.

(a) *Excessive credit transfer tax imposed--(*1) *In general.* If any specified credit portion that is transferred to a transferee taxpayer pursuant to an election in §1.6418-2(a) or §1.6418-3 is determined to be an excessive credit transfer (as defined in paragraph (b) of this section), the tax imposed on the transferee taxpayer by chapter 1 (regardless of whether such entity would otherwise be subject to chapter 1 tax) for the taxable year in which such determination is made will be increased by an amount equal to the sum of--

(i) The amount of such excessive credit transfer; and

(ii) An amount equal to 20 percent of such excessive credit transfer.

(2) *Taxable year of the determination.* The taxable year of the determination for purposes of paragraph (a)(1) of this section is the taxable year ~~that includes~~during which the excessive credit transfer determination is made and not the taxable year ~~when~~ during which the eligible credit was originally determined by the eligible taxpayer, unless those are the same taxable years.

(3) *Payments related to excessive credit transfer.* Any payments made by a transferee taxpayer to an eligible taxpayer that directly relate to the excessive credit transfer (as defined in paragraph (b) of this section) are not subject to section 6418(b)(2~~)~~), section 6418(b)(3), or §1.6418-2(e). The amount of a payment that directly relates to the excessive credit transfer is equal to the total consideration paid in cash by the transferee taxpayer for the specified credit portion multiplied by the ratio of the amount of the excessive credit transferred to the transferee taxpayer to the amount of the transferred specified credit portion claimed by the transferee taxpayer.

(4) *Reasonable cause.* Paragraph (a)(1)(ii) of this section does not apply if the transferee taxpayer demonstrates to the satisfaction of the IRS that the excessive credit transfer resulted from reasonable cause. Determination of reasonable cause ~~will be~~is made based on the relevant facts and circumstances. Generally, the most important factor is the extent of the transferee taxpayer's efforts to determine that the amount of specified credit portion transferred by the eligible taxpayer to the transferee taxpayer is not more than the amount of the eligible credit determined with respect to the eligible credit property for the taxable year in which the eligible credit was determined and has not been transferred to any other taxpayer. Circumstances that may indicate reasonable cause can include, but are not limited to, review of the eligible taxpayer's records with respect to the determination of the eligible credit (including documentation evidencing eligibility for bonus credit amounts), reasonable reliance on third party expert reports, reasonable reliance on representations from the eligible taxpayer that the total specified credit portion transferred (including portions transferred to other transferee taxpayers ~~when~~ if an eligible taxpayer makes multiple transfer elections with respect to a single credit property) does not exceed the total eligible credit determined with respect to the eligible credit property for the taxable year, and review of audited financial statements provided to the Securities and Exchange Commission (and underlying information), if applicable.

(5) *Recapture events.* A recapture event under section 45Q(f)(4~~)~~), 49(b), or 50(a) is not an excessive credit transfer.

(b) *Excessive credit transfer defined--(*1) *In general.* The term *excessive credit transfer* means, with respect to an eligible credit property for which a transfer election is made under §1.6418-2 or §1.6418-3 for any taxable year, an amount equal to the excess of--

(i) The amount of the transferred specified credit portion claimed by the transferee taxpayer with respect to such eligible credit property for such taxable year; over

(ii) The amount of the eligible credit that, without the application of section 6418, would be otherwise allowable under the Code with respect to such eligible credit property for such taxable year.

(2) *Multiple transferees treated as one.* All transferee taxpayers are considered as one transferee for calculating whether there was an excessive credit transfer and the amount of the excessive credit transfer. If there was an excessive credit transfer, then the amount of excessive credit transferred to a specific transferee taxpayer is equal to the total excessive credit transferred multiplied by the ratio of the transferee taxpayer's portion of the total specified credit to the total specified credit portions transferred to all transferees. The rule in this paragraph (b)(2) is applied on an eligible credit property basis, as applicable.

(3) *Examples.* The following examples illustrate the rules of this paragraph (b):

(i) *Example ~~I~~1 – No excessive credit transfer.* Taxpayer A claims $~~50~~40x of an eligible credit and transfers $~~50~~60x of an eligible credit to Transferee Taxpayer B related to a single facility that was expected to generate $100x of such eligible credit. In a ~~later~~ subsequent year it is determined that the facility only generated $~~50~~60x of such eligible credit. There is no excessive credit transfer in this case because the amount of the eligible credit claimed by Transferee Taxpayer B of $~~50~~60x is equal to the amount of the credit that would be otherwise allowable with respect to such facility for the taxable year the transfer occurred. Taxpayer A is disallowed the $~~50~~40x of the eligible credit claimed.

(ii) *Example ~~II~~2 – Excessive credit transfer.* Same facts as in paragraph (b)(3)(i) of this section (*Example ~~I~~1)* except that Taxpayer A transfers $~~80~~75x of the $100x of eligible credit to Transferee Taxpayer B~~.~~ in exchange for a cash payment of $67.5x. Taxpayer A claims $~~20~~25x of the eligible credit and Transferee Taxpayer B claims $~~80~~75x of the eligible credit. In this situation, ~~there is a $30~~a $40x reduction in credit results in a $15x excessive credit transfer to Transferee Taxpayer B because the amount of the credit claimed by Transferee Taxpayer B ($~~80~~75x) exceeds the amount of credit otherwise allowable with respect to the facility ($~~50~~60x) by $~~30~~15x. Therefore, Transferee Taxpayer B's tax is increased ~~in~~for the ~~later~~determination year by $~~36~~18x, which is equal to the amount of the excessive credit transfer plus 20 percent of the excessive credit transfer as provided in paragraph (a) of this section and section 6418(g)(2)(A). If Transferee Taxpayer B can show reasonable cause as provided in paragraph (a)(4) of this section and section 6418(g)(2)(B), then Transferee Taxpayer B

will only have a tax increase of $~~30.~~ 15x. Taxpayer A is disallowed the $~~20~~25x of the eligible credit claimed~~, and pursuant to~~. Under paragraph (a)(3) of this section, the portion of the cash payment of $67.5x made by Transferee Taxpayer B that is attributable to the excessive credit transfer is $13.5x and is equal to Transferee Taxpayer B's cash payment of $67.5x multiplied by the ratio of the excessive credit transfer ($15x) to the transferred specified credit portion claimed by Transferee Taxpayer B ($75x). Pursuant to paragraph (a)(3) of this section, the payments of $13.5x made to Taxpayer A from Transferee Taxpayer B that directly relate to the excessive credit transfer are not subject to section 6418(b)(2~~)~~), 6418(b)(3), or §1.6418-2(e).

(iii) *Example ~~III~~3 – Excessive credit with multiple transferees.* Same facts as in paragraph (b)(3)(i) of this section (*Example ~~I~~1)* except that Taxpayer A transfers $~~45~~50x of the eligible credit to Transferee Taxpayer B and $~~35~~30x of the eligible credit to Transferee Taxpayer C. ~~Taxpayer~~ In exchange for transfer of the credit, Transferee Taxpayer B made a cash payment of $45x and Transferee Taxpayer C made a cash payment of $27x. Taxpayer A claims $20x of the eligible credit, Transferee Taxpayer B claims ~~$45~~ $50x of the eligible credit, and Transferee Taxpayer C claims $~~35~~30x of the eligible credit. In this situation, because there are multiple transferees, all transferees are treated as one transferee for determining the excessive credit transfer amount under paragraph (b)(2) of this section. There is a total excessive credit transfer of $~~30~~20x because the amount of the credit claimed by the transferees in total ($80x) exceeds the amount of credit otherwise allowable with respect to the facility ($~~50~~60x) by $~~30~~20x. The excessive credit transfer to Taxpayer B is equal to ($~~45/$80 * $30) = $16.88~~50x/$80x * $20x) = $12.5x, and the excessive credit transfer to Taxpayer C is equal to ($~~35/$80 * $30) = $13.12.~~30x/$80x * $20x) = $7.5x. Therefore, Transferee Taxpayer B and Transferee Taxpayer C are subject to the provisions in paragraph (a) of this section. Transferee Taxpayer B's and Transferee Taxpayer C's tax is increased ~~in~~for the ~~later~~determination year by the respective excessive credit transfer amount and 20 percent of the excessive credit transfer amount ($~~20.26~~15x for Transferee Taxpayer B and $~~15.74~~9x for Transferee Taxpayer C) as provided in paragraph (a) of this section and section 6418(g)(2)(A). If Transferee Taxpayer B or Transferee Taxpayer C can show reasonable cause as provided in paragraph (a)(4) of this section and section 6418(g)(2)(B), then the tax increase will only be $~~16.88~~12.5x or $~~13.12~~7.5x, respectively.

Taxpayer A is disallowed the $20x of eligible credit claimed ~~and pursuant to~~ . Under paragraph (a)(3) of this section, the portion of the cash payment of $45x made by Transferee Taxpayer B that is attributable to its portion of the excessive credit transfer is $11.25x and is equal to Transferee Taxpayer B's cash payment of $45x multiplied by

the ratio of the excessive credit transfer ($12.5x) to the transferred specified credit portion claimed by Transferee Taxpayer B ($50x). Similarly, the portion of the cash payment of $27x made by Transferee Taxpayer C that is attributable to its portion of the excessive credit transfer is $6.75x and is equal to Transferee Taxpayer C's cash payment of $27x multiplied by the ratio of the excessive credit transfer ($7.5x) to the transferred specified credit portion claimed by Transferee Taxpayer B ($30x).Pursuant to paragraph (a)(3) of this section, the payments made to Taxpayer A by Transferee Taxpayer B ($11.25x) and Transferee Taxpayer C ($6.75x) that directly relate to the excessive credit transfer are not subject to section 6418(b)(2), 6418(b)(3), or §1.6418-2(e).(c) *Basis reduction under section 50(c).* In the case of any transfer election under §1.6418-2 or §1.6418-3 with respect to any specified credit portion described in §1.6418-1(c)(2)(ix) through (xi), section 50(c) will apply to the applicable investment credit property (as defined in section 50(a)(6)(A)) as if such credit was allowed to the eligible taxpayer.

(d) *Notification and impact of recapture under section 50(a~~) or 49(b~~)--(*1) *In general.* In the case of any election under §1.6418-2 or §1.6418-3 with respect to any specified credit portion described in §1.6418-1(c)(2)(ix) through (xi), if, during any taxable year, the applicable investment credit property (as defined in section 50(a)(6)(A)) is disposed of, or otherwise ceases to be investment credit property with respect to the eligible taxpayer, before the close of the recapture period (as described in section 50(a)(1)(A)), other than as described in §1.6418-3(a)(6), ~~or has a reduction in credit base causing recapture under section 49, other than as described in §1.6418-3(a)(6),~~ such eligible taxpayer and the transferee taxpayer must follow the notification process in paragraph (d)(2) of this section, with recapture impacting the transferee taxpayer and eligible taxpayer as described in paragraph (d)(3) of this section. Rules similar to the rules of this paragraph (d) apply in determining the amount of and liability for any section 49(b) recapture as between an eligible taxpayer and the transferee taxpayer.

(2) *Notification requirements--(*i) *Eligible taxpayer.* The eligible taxpayer must provide notice of the occurrence of recapture to the transferee taxpayer. This notice must provide all information necessary for a transferee taxpayer to correctly compute the recapture amount (as defined under section 50(c)(2)), and the notification must occur in sufficient time to allow the transferee taxpayer to compute the recapture

amount by the due date of the transferee taxpayer's return (without extensions) for the taxable year in which the recapture event occurs. The eligible taxpayer and transferee taxpayer can contract with respect to the form of the notice and any specific time periods that must be met, so long as the terms of the contractual arrangement do not conflict with the requirements of this paragraph (d)(2)(i). Any additional information that is required or other specific time periods that must be met may be prescribed by the IRS in guidance issued with respect to this notification requirement.

(ii) *Transferee taxpayer.* The transferee taxpayer must provide notice of the recapture amount (as defined in section 50(c)(2)), if any, to the eligible taxpayer. This must occur in sufficient time to allow the eligible taxpayer to calculate any basis adjustment with respect to the investment credit property by the due date of the eligible taxpayer's return (without extensions) for the taxable year in which the recapture event occurs. The eligible taxpayer and transferee taxpayer can contract with respect to the form of the notice and any specific time periods that must be met, so long as the terms of the contractual arrangement do not conflict with the requirements of this paragraph (d)(2)(ii). Any additional information that is required or other specific time periods that must be met may be provided in guidance prescribed by the IRS issued with respect to this notification requirement.

(3) *Impact of recapture--(*i) ~~*Impact of recapture on transferee.* The transferee taxpayer is responsible for any amount of tax increase under section 50(a) upon the~~*Section 50(a) recapture event.* Except as provided in paragraph (d)(3)(iii) of this section, the transferee taxpayer is responsible for any amount of tax increase under section 50(a) upon the occurrence of a recapture event~~.~~, provided that if an eligible taxpayer retains any amount of an eligible credit determined with respect to an investment credit property directly held by the eligible taxpayer, the amount of the tax increase under section 50(a) that the eligible taxpayer is responsible for is equal to the recapture amount multiplied by a fraction, the numerator of which is the total credit amount that the eligible taxpayer retained, and the denominator of which is the total credit amount determined for the eligible credit property. The amount of the tax increase under section 50(a) that the eligible transferee is responsible for is equal to the recapture amount multiplied by a fraction, the numerator of which is the specified credit portion transferred

to the transferee taxpayer, and the denominator of which is the total credit amount determined for the eligible credit property.

(ii) *Impact of section 50(a) recapture event on basis of investment credit property held by eligible taxpayer.* The eligible taxpayer must increase the basis of the investment credit property (immediately before the event resulting in such recapture) by an amount equal to the recapture amount provided to the eligible taxpayer by the transferee taxpayer under paragraph (d)(2)(ii) of this section and the recapture amount on any credit amounts retained by the eligible taxpayer in accordance with section 50.

(iii) *Impact of partner or shareholder recapture under §1.6418-3(a)(6).* To the extent that a partner in a transferor partnership or a shareholder in a transferor S corporation recognizes an amount of tax increase under section 50(a) or section 49(b) (that is, a recapture amount) for an investment tax credit determined with respect to investment credit property held directly by the transferor partnership or transferor S corporation that does not result in recapture liability to a transferee taxpayer pursuant to §1.6418-3(a)(6), that amount reduces the remaining recapture amount under paragraph (d)(3)(i) of this section with respect to the investment credit property, and thus reduces the remaining recapture amounts to which a transferee taxpayer and eligible taxpayer (to the extent of retained credit amounts that have not be previously recaptured) is liable. The amount of the reduction to the transferee taxpayer is proportionate to the amount of the tax increase for the transferred specified credit portion (based on the partner's or shareholder's distributive share or pro rata share of tax exempt income, respectively, resulting from the transfer).

(iv) *Example (1). Impact of transferor partner recapture event to transferee taxpayer--(*A) *Facts.* A, B, C, and D are equal partners in ABCD partnership, a partnership for Federal tax purposes that accounts for tax items on a calendar year basis. The partnership agreement provides that A, B, C and D share equally in all items

of income, gain, loss, deduction, and credit of ABCD partnership. ABCD partnership invests $1,000x in an energy property in accordance with section 48 and places the energy property in service on September 30, 2024. As of the end of 2024, ABCD partnership has $300x of eligible credits under section 48 with respect to energy property. Under §1.6418-3(b)(2)(iv), each of A's, B's, C's, and D's distributive shares of the otherwise eligible section 48 credits is determined under §§1.46-3(f) and 1.704-1(b)(4)(ii) and is equal to $75x (based on each of A, B, C and D being allocated $250x of basis). Before the due date for ABCD partnership's 2024 tax return (with extension), A, B, C, and D agree that with respect to A's $75x distributive share of the otherwise eligible section 48 credits, $60x of eligible credits will be transferred and $15x of eligible credits (or $50x basis) will be allocated to A. A, B, C and D also agree that B, C, and D will each be allocated their respective $75x of the $250x of section 48 eligible credits (or basis). On November 15, 2024, ABCD partnership transfers $60x of its eligible section 48 investment credits to Y, an unrelated taxpayer. On January 1, 2025, A sells 50 percent of its interest in ABCD partnership, which results in recapture under §1.47-6(a)(2).

(B) *Analysis – recapture from partner A's disposition.* Pursuant to §1.6418-3(a)(6)(i), A is subject to the rules relating to recapture caused by the disposition of its interest under §1.47-6(a)(2), and A calculates recapture based on half of its share of the basis of the investment credit property ($125x of basis) because A disposed of 50 percent of its interest in ABCD partnership. This results in a recapture amount of $37.5x to A (that is, the amount of the tax increase that A is responsible for due to the recapture event). Of the $37.5x recapture amount, $7.5x relates to $15x of credits retained by A, and $30x relates to the $60x of A's distributive share of the otherwise eligible section 48 credits that were transferred. This recapture event reduces the total potential recapture with respect to the investment credit property from $300x to $262.5x.

Y is not subject to recapture because of partner A's disposition, but, if a recapture event with respect to the energy property takes place at a later date, the rules in §1.6418-5(d)(3)(i) will take partner A's disposition and recapture amount into account when determining Y's recapture amount at that date.

(v) *Example (2). Impact of recapture from ABCD partnership's disposition of the investment credit property* -- (A) *Facts.* Same facts as Example (1), except that on October 15, 2025, ABCD partnership sells the investment credit property to an unrelated third party.

(B) *Analysis – recapture event from ABCD partnership's disposition.* As a result of ABCD partnership's disposition of the energy property to a third party after one year, but before two years after placing the energy property into service, under section 50(a)(1)(B), the recapture percentage is 80 percent. This means that 80 percent of the remaining $262.5x of eligible section 48 credits (or $210x) is subject to recapture. Because ABCD partnership retained eligible credits related to the energy property, the $210x recapture amount, which is the amount of the tax increase under section 50(a), must be split between ABCD partnership and Y. Under §1.6418-5(d)(3)(i), ABCD partnership must recapture $186x of the $210x credit amount, which is determined by multiplying the $210x by a fraction, the numerator of which is $232.5x ($240x of retained eligible credits less $7.5x of retained eligible credits already recaptured by A) and the denominator of which is $262.5x ($300x of total credits determined for the energy property less $37.5x credits recaptured with respect to A's distributive share of the otherwise eligible section 48 credits transferred by ABCD partnership to Y and A's distributive share of the eligible credits retained by A). Also under §1.6418-5(d)(3)(i), Y has a $24x recapture amount determined by multiplying the $210x recapture amount by a fraction, the numerator of which is $30x ($60x specified credit portion transferred to Y

less the $30x recaptured by A that relates to A's distributive share of the otherwise eligible section 48 credits transferred by ABCD partnership to Y), and the denominator of which is $262.5x ($300x of total credits determined for the energy property less $37.5x credits recaptured with respect to A's distributive share of the otherwise eligible section 48 credits transferred by ABCD partnership to Y and A's distributive share of the eligible credits retained by A).

(e) *Notification and impact of recapture under section 45Q(f)(4)--(*1) *In general.* In the case of any election under §1.6418-2 or §1.6418-3 with respect to any specified credit portion described in §1.6418-1(c)(2)(iii), if, during any taxable year, there is recapture of any section 45Q credit allowable with respect to any qualified carbon oxide that ceases to be captured, disposed of, or used as a tertiary injectant in a manner consistent with section 45Q, before the close of the recapture period (as described in §1.45Q-5(f)), such eligible taxpayer and the transferee taxpayer must follow the notification process in paragraph (e)(2) of this section with recapture impacting the transferee taxpayer as described in paragraph (e)(3) of this section.

(2) *Notification requirements.* The notification requirements for the eligible taxpayer are the same as for an eligible taxpayer that must report a recapture event as described in paragraph (d)(2)(i) of this section, except that the recapture amount that must be computed is defined in §1.45Q-5(e).

(3) *Impact of recapture.* The transferee taxpayer is responsible for any amount of tax increase under section 45Q(f)(4) and §1.45Q-5 upon the occurrence of a recapture event~~.~~, provided that if an eligible taxpayer retains any amount of an eligible credit determined with respect to a component of carbon capture equipment owned by the eligible taxpayer within a single process train described in §1.45Q-2(c)(3), the amount of the tax increase under section 45Q(f)(4) that the eligible taxpayer is responsible for is equal to the recapture amount multiplied by a fraction, the numerator

of which is the total credit amount that the eligible taxpayer retained, and the denominator of which is the total credit amount determined for the eligible credit property. The amount of the tax increase under section 45Q(f)(4) that the transferee taxpayer is responsible for is equal to the recapture amount multiplied by a fraction, the numerator of which is the specified credit portion transferred to the transferee taxpayer, and the denominator of which is the total credit amount determined for the eligible credit property.

(f) [Reserved].

(g) *Impact of an ineffective transfer election by an eligible taxpayer.* An ineffective transfer election means that no transfer of an eligible credit has occurred for purposes of section 6418, including section 6418(b). Section 6418 does not apply to the transaction and the tax consequences are determined under any other relevant provisions of the Code. For example, an ineffective election results if an eligible taxpayer tries to elect to transfer a specified credit portion, but the eligible taxpayer did not register and receive a registration number with respect to the eligible credit property (or otherwise satisfy the requirements for making a transfer election under the section 6418 regulations) with respect to which the specified credit portion was determined.

(~~g~~h) *Carryback and carryforward.* A transferee taxpayer can apply the rules in section 39(a)(4) of the Code (regarding ~~a 3-year~~the carryback and carryforward period for ~~unused current year business~~ applicable credits) to a specified credit portion to the extent the specified credit portion is described in section 6417(b) (list of applicable credits, taking into account any placed in service requirements in section 6417(b)(2), (3), and (5)).

~~(h~~(i) *Rules applicable to real estate investment trusts--(*1) *Treatment of eligible credits prior to transfer.* If a real estate investment trust has eligible credits that it may transfer, the value of those credits is not included in either the numerator or

denominator in determining the value of the REIT's total assets in section 856(c)(4) of the Code.

(2) *Treatment of eligible credit transfer for purposes of section 857 safe harbor rules.* The transfer of a specified credit portion pursuant to a valid transfer election under section 6418 is not a sale for purposes of section 857(b)(6)(C)(iii) and section 857(b)(6)(D)(iv) of the Code.(j) *Applicability date.* This section applies to taxable years ending on or after

[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER].* For taxable years ending before **[INSERT DATE OF** ~~FINAL RULE].~~**PUBLICATION IN THE *FEDERAL REGISTER],***

taxpayers, however, may choose to apply the rules of this section and §§1.6418-1 through -3 provided the taxpayers apply the rules in their entirety and in a consistent manner.

§1.6418-4T [Removed]

Par. 4. Section 1.6418-4T is removed.

Douglas W. O'Donnell,

Deputy Commissioner ~~for Services and Enforcement~~.

Approved: April 18, 2024

Aviva Aron-Dine,

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[FR Doc. ~~2023-12799~~2024-08926 Filed: ~~6/14/2023 11:15~~4/25/2024 8:45 am; Publication Date: ~~6/21/2023~~4/30/2024]