

Department of the Treasury
Internal Revenue Service
Notice

Notice 2021-47

Section **43(a)** provides that for purposes of section **38** , the enhanced oil recovery credit for any taxable year is an amount equal to 15 percent of the taxpayer's qualified enhanced oil recovery costs for such taxable year.

Section **43(b)(1)** provides that the amount of the credit determined under subsection (a) for any taxable year shall be reduced by an amount which bears the same ratio to the amount of such credit (determined without regard to this paragraph) as — (A) the amount by which the reference price for the calendar year preceding the calendar year in which the taxable year begins exceeds \$28, bears to (B) \$6.

Section **43(b)(3)(B)** of the **Internal Revenue Code** requires the Secretary to publish an inflation adjustment factor. The enhanced oil recovery credit under § **43** for any taxable year is reduced if the "reference price," determined under § **45K(d)(2)(C)** , for the calendar year preceding the calendar year in which the taxable year begins is greater than \$28 multiplied by the inflation adjustment factor for that year.

The term "inflation adjustment factor" means, with respect to any calendar year, a fraction the numerator of which is the GNP implicit price deflator for the preceding calendar year and the denominator of which is the GNP implicit price deflator for 1990.

Because the reference price for the 2020 calendar year (\$37.07) does not exceed \$28 multiplied by the inflation adjustment factor for the 2020 calendar year (\$28 multiplied by 1.7849 = \$49.9772), the enhanced oil recovery credit for qualified costs paid or incurred in 2021 is determined without regard to the phase-out for crude oil price increases.

Table 1 contains the GNP implicit price deflator used for the 2021 calendar year, as well as the previously published GNP implicit price deflators used for the 1991 through 2020 calendar years.

Notice 2021-47 TABLE 1 GNP IMPLICIT PRICE DEFLATORS

| <i>Calendar Year</i> | <i>GNP Implicit Price Deflator</i> |
|----------------------|------------------------------------|
| 1990 | 112.9 (used for 1991) |
| 1991 | 117.0 (used for 1992) |

| <i>Calendar Year</i> | <i>GNP Implicit Price Deflator</i> |
|----------------------|------------------------------------|
| 1992 | 120.9 (used for 1993) |
| 1993 | 124.1 (used for 1994) |
| 1994 | 126.0 (used for 1995)* |
| 1995 | 107.5 (used for 1996) |
| 1996 | 109.7 (used for 1997)** |
| 1997 | 112.35 (used for 1998) |
| 1998 | 112.64 (used for 1999)*** |
| 1999 | 104.59 (used for 2000) |
| 2000 | 106.89 (used for 2001) |
| 2001 | 109.31 (used for 2002) |
| 2002 | 110.63 (used for 2003) |
| 2003 | 105.67 (used for 2004)**** |
| 2004 | 108.23 (used for 2005) |
| 2005 | 112.129 (used for 2006) |
| 2006 | 116.036 (used for 2007) |
| 2007 | 119.656 (used for 2008) |

| <i>Calendar Year</i> | <i>GNP Implicit Price Deflator</i> |
|----------------------|------------------------------------|
| 2008 | 122.407 (used for 2009) |
| 2009 | 109.764 (used for 2010)***** |
| 2010 | 110.654 (used for 2011) |
| 2011 | 113.347 (used for 2012)***** |
| 2012 | 115.387 (used for 2013) |
| 2013 | 106.710 (used for 2014)***** |
| 2014 | 108.407 (used for 2015)***** |
| 2015 | 109.868 (used for 2016) |
| 2016 | 111.528 (used for 2017) |
| 2017 | 113.500 (used for 2018) |
| 2018 | 110.308 (used for 2019)***** |
| 2019 | 112.257 (used for 2020) |
| 2020 | 113.586 (used for 2021) |

* Beginning in 1995, the GNP implicit price deflator was rebased relative to 1992. The 1990 GNP implicit price deflator used to compute the 1996 § 43 inflation adjustment factor is 93.6.

** Beginning in 1997, two digits follow the decimal point in the GNP implicit price deflator. The 1990 GNP price deflator used to compute the 1998 § 43 inflation adjustment factor is 93.63.

*** Beginning in 1999, the GNP implicit price deflator was rebased relative to 1996. The 1990 GNP implicit price deflator used to compute the 2000 § 43 inflation adjustment factor is 86.53.

**** Beginning in 2003, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2004 § 43 inflation adjustment factor is 81.589.

***** Beginning in 2009, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2010 § 43 inflation adjustment factor is 72.199.

***** Beginning in 2011, the 1990 GNP implicit price deflator used to compute the 2012 § 43 inflation adjustment factor is 72.260.

***** Beginning in 2013, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2014 § 43 inflation adjustment factor is 66.803.

***** Beginning in 2014, the 1990 GNP implicit price deflator used to compute the 2015 § 43 inflation adjustment factor is 66.732.

***** Beginning in 2018, the 1990 GNP implicit price deflator used to compute the 2019 § 43 inflation adjustment factor is 63.637.

Table 2 contains the inflation adjustment factor and the phase-out amount for taxable years beginning in the 2021 calendar year as well as the previously published inflation adjustment factors and phase-out amounts for taxable years beginning in the 1991 through 2020 calendar years.

Notice 2021-47 TABLE 2 INFLATION ADJUSTMENT FACTORS AND PHASE-OUT AMOUNTS

| <i>Calendar Year</i> | <i>Inflation Adjustment Factor</i> | <i>Phase-out Amount</i> |
|----------------------|------------------------------------|-------------------------|
| 1991 | 1.0000 | 0 |
| 1992 | 1.0363 | 0 |
| 1993 | 1.0708 | 0 |
| 1994 | 1.0992 | 0 |

| <i>Calendar Year</i> | <i>Inflation Adjustment Factor</i> | <i>Phase-out Amount</i> |
|----------------------|------------------------------------|-------------------------|
| 1995 | 1.1160 | 0 |
| 1996 | 1.1485 | 0 |
| 1997 | 1.1720 | 0 |
| 1998 | 1.1999 | 0 |
| 1999 | 1.2030 | 0 |
| 2000 | 1.2087 | 0 |
| 2001 | 1.2353 | 0 |
| 2002 | 1.2633 | 0 |
| 2003 | 1.2785 | 0 |
| 2004 | 1.2952 | 0 |
| 2005 | 1.3266 | 0 |
| 2006 | 1.3743 | 100 percent |
| 2007 | 1.4222 | 100 percent |
| 2008 | 1.4666 | 100 percent |
| 2009 | 1.5003 | 100 percent |
| 2010 | 1.5203 | 100 percent |

| <i>Calendar Year</i> | <i>Inflation Adjustment Factor</i> | <i>Phase-out Amount</i> |
|----------------------|------------------------------------|-------------------------|
| 2011 | 1.5326 | 100 percent |
| 2012 | 1.5686 | 100 percent |
| 2013 | 1.5968 | 100 percent |
| 2014 | 1.5974 | 100 percent |
| 2015 | 1.6245 | 100 percent |
| 2016 | 1.6464 | 0 |
| 2017 | 1.6713 | 0 |
| 2018 | 1.7008 | 1.069 percent |
| 2019 | 1.7334 | 100 percent |
| 2020 | 1.7640 | 100 percent |
| 2021 | 1.7849 | 0 |

DRAFTING INFORMATION

The principal author of this notice is Martha M. Garcia of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Ms. Garcia at (202) 317-6853 (not a toll-free number).