

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Section 48(e) Low-Income Communities Bonus Credit Program
OMB Control Number 1545-2308

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Section 13103 of Public Law 117-169, 136 Stat. 1818, 1921 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA), amended section 48 of the Internal Revenue Code (Code), in part, to add new section 48(e) to potentially increase the amount of the energy investment credit determined under section 48(a) (section 48 credit) with respect to eligible property that is part of a qualified solar and wind facility that is awarded an allocation of environmental justice solar and wind capacity limitation (Capacity Limitation).

The amount of the energy investment credit determined under section 48 credit for a taxable year is generally calculated by multiplying the basis of each energy property placed in service during that taxable year by the energy percentage (as defined in section 48(a)(2)). Section 48(e) increases the section 48 credit by increasing the energy percentage used to calculate the amount of the section 48 credit (section 48(e) Increase) in the case of qualified solar and wind facilities that receive an allocation of Capacity Limitation.

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) are issuing final rules (TD 9979) concerning the application of the low-income communities bonus energy investment credit program established pursuant to the Inflation Reduction Act of 2022. Applicants investing in certain solar and wind powered-electricity generation facilities may apply for an allocation of environmental justice solar and wind capacity limitation to increase the amount of an energy investment credit under § 48 for the taxable year in which the facility is placed in service.

Being issued simultaneously with TD 9979 the Revenue Procedure (Rev Proc 2023-27) provides procedural and clarifying guidance applicable to section 48(e). This revenue procedure is only informing the collections (like a form instructions) and is not changing the collections requirement that are included within the final rules, and will not impose additional burden under the Paperwork Reduction Act.

The Department of Energy (DOE) will provide certain administration services for the section 48(e) credit. Among other things, DOE is establishing a website portal to review the applications for eligibility criteria and will provide recommendations to the IRS regarding the selection of applications for an allocation of Capacity Limitation. The application includes attestations and supporting documentation that allow IRS and DOE to verify a project is eligible for the credit enhancements under 48e and to certify that a project is placed into service. The application also includes a requirement to register for the portal and must follow the DOE procedures regarding portal registrations.

2. USE OF DATA

The website portal and its associated collection requirements will be used for taxpayers to apply

for an allocation of Capacity Limitation under section 48(e) and to confirm that an eligible project has been placed in service.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

The IRS and DOE are in the process of establishing the website portal to collect the attestations and application documents.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The IRS proactively works with both internal and external stakeholders to minimize the burden on small businesses, while maintaining tax compliance. The IRS also seeks input regarding the burden estimates from the public via notices and tax product instructions. The IRS will continue to as applicable find ways to reduce the burden on small businesses or other small entities.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

A less frequent collection could consist of taxpayers unable to claim the allocation under section 48(e).

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

A notice of Final Rule was published in the Federal Register soliciting comments June 1, 2023 (88 FR 35791). No comments were specially received through the Paperwork Reduction Act (PRA) solicitation. However, within the final rules, the Treasury Department and the IRS did address general concerns about burdens on supporting documentation. The final rule notice published on August 15, 2023 (88FR 55506).

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Business Master file (BMF)” and a Privacy Act System of Records notice (SORN) has been issued for these systems under IRS 22.062 – Electronic Filing Records; IRS 24.030 – Customer Account Data Engine (CADE) Individual Master File; IRS 24.046 - CADE Business Master File (BMF); IRS 34.037 - IRS Audit Trail and Security Records System. The Internal Revenue Service PIA’s can be found at <https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA>.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

We estimate that between 1 and 70,000 individual, businesses, tax-exempt, and other qualifying taxpayers may meet the criteria for the 48(e) credit enhancement. Applicants will need to provide information once for the initial applications, once for supporting documentations, and once when projects are placed into service. We estimate that will take 1 hour for each of these rounds of collections for a total of 210,000 burden hours.

Authority	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
§48(e)	70,000	3	210,000	1	210,000
Totals	70,000	3	210,000	1	210,000

Revenue Procedure 2023-27 does not add additional burden to this collection.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, the IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, the IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There will be no costs for the government to receive this information.

15. REASONS FOR CHANGE IN BURDEN

This is a new collection due to enactment of the section 13103 of the Inflation Reduction Act of 2022.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form expires as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.