Instructions for Form 1097-BTC

(Rev. April 2025)

Bond Tax Credit

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1097-BTC and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1097BTC*.

You can get the General Instructions for Certain Information Returns at *IRS.gov/1099GeneralInstructions*.

Reminders

In addition to these specific instructions, you should also use the current General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and voided returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

Continuous use revision. Use these instructions for tax year 2025 and subsequent years until a superseding revision is issued.

Online fillable forms. You may fill out the form, found online at *IRS.gov/Form1097BTC*, and send Copy B to the recipient. For filing with the IRS, follow the applicable procedures if you are required to file electronically, or, **for this form only**, if you are qualified to file on paper, send in the black-and-white copy A with Form 1096 that you print from the IRS website.

Specific Instructions

Issuers of certain tax credit bonds (or their agents) and recipients of Form 1097-BTC from the bond issuer or agent, such as mutual funds or partnerships, who are further distributing the credit must file Form 1097-BTC for each tax credit distributed from the following tax credit bonds.

- New clean renewable energy bonds.
- Qualified energy conservation bonds.
- Qualified zone academy bonds.
- Qualified school construction bonds.
- Clean renewable energy bonds.
- Build America bonds (Tax Credit).

Filings of Form 1097-BTC with respect to a bond, by the issuer or the issuer's agent, must be made on a separate Form 1097-BTC for each bond.

For tax credit bonds issued with two or more maturities, each maturity must be reported separately on the Form 1097-BTC issued by the bond issuer or its agent.

Recipients of Form 1097-BTC from the bond issuer or agent, such as brokers, nominees, mutual funds, or partnerships, who are further distributing the credit must file only one Form 1097-BTC per recipient or account, aggregating credit from all applicable bonds.

Note. Issuers that elected to issue build America bonds (Direct Pay) under section 54AA(g) or specified tax credit bonds under section 6431(f) to receive a refundable credit under section 6431(a) in lieu of tax credits under section 54A should not file Form 1097-BTC.

Definitions

Tax credit bond. Generally, a tax credit bond is an obligation issued under sections 54, 54A, 54AA, 1397E, or 1400N(l) that entitles the taxpayer holding such bond on one or more credit allowance dates occurring during any tax year to a credit against the federal income tax imposed for that tax year.



Public Law Number 115-97, 131 Stat. 2054 (2017), repealed sections 54, 54A-F, and 54AA effective for bonds issued after December 31, 2017.

Qualified tax credit bond. Qualified tax credit bonds under section 54A include new clean renewable energy bonds under section 54C, qualified energy conservation bonds under section 54D, qualified zone academy bonds under section 54E, and qualified school construction bonds under section 54F.

New clean renewable energy bond. An obligation issued before January 1, 2018, that is part of an issue, 100% of the available project proceeds of which are to be used for capital expenditures incurred by governmental bodies, public power providers, or cooperative electric companies for one or more qualified renewable energy facilities, as defined in section 54C. The annual credit allowed is 70% of the annual credit amount determined by applying section 54A(b).

Qualified energy conservation bond. An obligation issued before January 1, 2018, that is part of an issue, 100% of the available project proceeds of which are to be used for one or more qualified energy conservation purposes, as defined in section 54D. The annual credit allowed is 70% of the annual credit amount determined by applying section 54A(b).

Qualified zone academy bond. An obligation issued before January 1, 2018, that is part of an issue, 100% of the available project proceeds of which are to be used for a qualified purpose with respect to a qualified zone academy established by an eligible local education agency, as provided in section 54E; or an obligation that is part of an issue, 95% or more of the proceeds of which are to be so used and issued before October 4, 2008, as provided in section 1397E.

Qualified school construction bond. An obligation issued before January 1, 2018, that is part of an issue, 100% of the available project proceeds of which are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with the proceeds, as provided in section 54F.

Clean renewable energy bond. An obligation issued after December 31, 2005, and before January 1, 2010, that is part of an issue, 95% or more of the proceeds of which are used for capital expenditures incurred by qualified borrowers for one or more qualified projects, as defined in section 54.

Build America bond (Tax Credit). An obligation issued after February 17, 2009, and before January 1, 2011, issued by a state or local government (excluding private activity bonds under section 141) as defined in section 54AA(d).

Who Must Receive Form 1097-BTC

Each person who is allowed a tax credit as a holder, directly or indirectly, of a tax credit bond or a stripped credit coupon on one or more credit allowance dates during the calendar year in an amount of at least $10 must be issued Form 1097-BTC.

Credit Allowance Dates

The tax credit from tax credit bonds or stripped credit coupons is allowed on each credit allowance date for which the bond was outstanding or to which the stripped credit coupon corresponds. For qualified tax credit bonds and clean renewable energy bonds, the credit allowance dates are March 15, June 15, September 15, December 15, and the last day on which the bond is outstanding. For bonds issued during the 3-month period ending on a credit allowance date, the amount of the credit is determined ratably based on the portion of the 3-month period during which the bond is outstanding. The same ratable determination of credit applies when a bond is redeemed or matures. For build America bonds (Tax Credit), the credit allowance dates are the interest payment dates. For qualified zone academy bonds issued before October 4, 2008, the credit allowance date is the last day of the 1-year period beginning on the issue date of the bond and each anniversary of such day thereafter.

The tax credit allowed to holders of any tax credit bonds or stripped credit coupons is treated as interest which is included in gross income and must be reported as interest income on a Form 1099-INT or Form 1099-OID, as applicable. For more information on reporting the tax credit treated as interest income paid from tax credit bonds, see the Instructions for Forms 1099-INT and 1099-OID.

When To File

For filing due dates, refer to the current *General Instructions for Certain Information Returns*. See *Statement to Recipient*, later, for furnishing statements to recipients.

Penalties for Failure To File or Furnish

There are penalties for failure to file correct information returns by the due date and for failure to furnish correct payee statements. See part O in the current General Instructions for Certain Information Returns for details. Failure to file Forms 1097-BTC also includes failure to file electronically, when required. For more information on penalties for failure to file electronically, see part F in the current General Instructions for Certain Information Returns.

Statement to Recipient

If required to file Form 1097-BTC, you must furnish a statement to the recipient quarterly for each credit amount indicated on or before the 15th day of the 2nd calendar month after the close of the calendar quarter in which the credit was allowed.

Quarterly Furnishing Dates

Reporting period:	To recipient (on or before):
1st Quarter: January–March	May 15*
2nd Quarter: April–June	August 15*
3rd Quarter: July–September	November 15*
Annual/4th Quarter: October–December	February 15*
*Dates may change due to weekends or holidays.	

For the first 3 quarters, report to the recipient only the amounts for the months of the applicable quarter. Box 1 should not be completed and box 6 is optional.

You are not required to furnish a separate report solely for the 4th quarter because the 4th quarter amounts are reported with the annual filing. For the annual filing, report the credits for each month in boxes 5a–5l; report the total of those amounts in box 1; and complete the rest of the form as applicable. Furnish the annual filing to the recipient by February 15, of the subsequent year.

If any amounts previously furnished for the first 3 quarters need to be corrected, report the correct amounts for the annual reporting and explain the correction to the recipient; no explanation is required for the IRS filing.

For the report furnished to the recipient (quarterly or annual), you may use Copy B or your own substitute statement reporting all the same applicable information (the reporting for the first 3 quarters may be furnished electronically). See Pub. 1179 for specific rules about providing substitute statements to recipients.

The IRS encourages Form 1097-BTC issuers to provide the credit information to the recipient monthly if applicable, and as soon after the end of the month in which a credit arises as possible.

For more information about the requirement to furnish a statement to the recipient, see part M in the current General Instructions for Certain Information Returns.

Bond issuer. If issuing the Form 1097-BTC as an issuer of the bond or its agent, box 2a of the form will always reflect code "C" and box 2b must reflect the CUSIP number for the bond or stripped coupon, unless a CUSIP number was not issued for the bond. See the instructions for boxes 2a and 2b.

Form 1097-BTC Issuer's Name, Address, and Telephone Number

Enter the name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number of the entity issuing the Form 1097-BTC.

Enter the entity's true name (as set forth in the legal documents creating it). Enter the address of the entity's principal office or place of business. Include the suite, room, or other unit number after the street address. If the post office

does not deliver mail to the street address and the entity has a P.O. box, show the box number instead.

Note. Do not use the address of the registered agent for the state in which the entity is incorporated. For example, if a business is incorporated in Delaware or Nevada and the corporation's principal office is located in Little Rock, AR, the corporation should enter the Little Rock address.

If the entity receives its mail in care of a third party (such as an accountant or an attorney), enter for the street address "C/O" followed by the third party's name and street address or P.O. box.

Form 1097-BTC Issuer's TIN

Enter the Form 1097-BTC issuer's TIN, such as an employer identification number (EIN). Do not truncate the Form 1097-BTC issuer's TIN. An issuer that does not have an EIN should apply for one. See Form SS-4, Application for Employer Identification Number, and its separate instructions, available at *IRS.gov*. Applications can be submitted online, by phone, fax, or mail.

Truncating Recipient's TIN on Recipient Statements

Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a recipient's TIN (social security number (SSN), employer identification number (EIN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN)) on recipient statements. Truncation is not allowed on any documents the filer files with the IRS. A filer's TIN may not be truncated on any form. See part J in the current General Instructions for Certain Information Returns.

Recipient's TIN

Enter the TIN of the recipient of the distributed (or stripped) credit from the tax credit bond. Do not truncate the recipient's TIN on the form filed with the IRS. Truncation of the recipient's TIN is allowed on the statement to the recipient. See the current General Instructions for Certain Information Returns.

Recipient's Name

Enter the name of the recipient of the distributed (or stripped) credit from the tax credit bond. If not an individual, enter the entity's true name (as set forth in the legal documents creating it).

Recipient's Street Address (Including Apt. No.)

Enter the street address, city or town, state or province, country, and ZIP or foreign postal code of the recipient's principal residence, office, or place of business. Include the apartment, suite, room, or other unit number after the street address. If the post office does not deliver mail to the street address and the entity has a P.O. box, show the box number instead.

Note. Do not use the address of the registered agent for the state in which the recipient is incorporated.

If the recipient receives its mail in care of a third party (such as an accountant or an attorney), enter for the street address "C/O" followed by the third party's name and street address or P.O. box.

Check, as applicable, whether you are the issuer of the bond (or its agent) filing the Form 1097-BTC for the bond, or are an entity or a person that received or should have received a Form 1097-BTC for credit(s) that was or should have been reported and that is distributing part or all of that credit to others.

Box 1. Total

Enter the total amount of credits distributed to the recipient with respect to the amounts reported in boxes 5a–5l for the calendar year.

This box should be only filled out when filing Copy A and when the annual statement (Copy B of the form) is sent to the recipient. See *Statement to Recipient*, earlier.

Box 2a. Code

Enter the unique identification number code. Enter "C" for CUSIP number, "A" for account number, and "O" if the unique identification number is not an account number or a CUSIP number, such as a self-provided identification number. If you checked the first box under Form 1097-BTC issuer, and a CUSIP number is assigned to the bond(s), enter "C." If no CUSIP number is assigned to the bond(s), and you checked the first box under Form 1097-BTC issuer, use the account number as the unique identifier and enter "A" or "O" if you are using any other unique identifying number. See *Box 2b. Unique Identifier* next.

Box 2b. Unique Identifier

The unique identification number is assigned by the Form 1097-BTC issuer and is limited to 39 alphanumeric characters. It can be the CUSIP number, account number, or any other unique identification number by which you track the bond transactions.

For a bond issuer (or its agent) filing Form 1097-BTC for a bond, the unique identification number must start with the CUSIP number(s), if available, and may be expanded by the account number or any other self-provided number(s). If a CUSIP number was not issued for the bond, the bond issuer may use or devise its own unique identifier, preferably the account number or other reference number by which you track and account for the bond transaction. A recipient of a Form 1097-BTC that issues its own Form 1097-BTC to further distribute the credit may use or devise its own unique identifier using whatever means it deems best.

Box 3. Bond Type

Enter code "101" for clean renewable energy bonds issued under section 54. Enter code "199" for all other bonds.



Multiple bond types can be entered on one Form 1097-BTC, other than clean renewable energy bonds. Credits from clean renewable energy bonds must be reported on a separate Form 1097-BTC.

Box 4

Reserved.

Boxes 5a–5l

Enter the amount of credit allowed for each month during the calendar year, calculated by using STEPS 1 and 2, following.

STEP 1. For each recipient, multiply the outstanding face amount of the qualified tax credit bond, clean renewable energy bond, or qualified zone academy bond issued before October 4, 2008, by the applicable credit rate. The outstanding face amount of the bond is the face amount of

the bond minus any principal that has been paid. The credit rate for the qualified tax credit bond, clean renewable energy bond, or qualified zone academy bond issued before October 4, 2008, is the rate published on the Treasury Direct website under "IRS Tax Credit Bond Rates" at *TreasuryDirect.gov/govt/rates/rates_irstcb.htm* for the first day on which there is a binding contract, in writing, for the sale or exchange of the bond.

The credit rate for qualified zone academy bonds issued before July 1, 1999, is 110% (1.10) of the long-term applicable federal rate (AFR), compounded annually, for the month and year the bond is issued. The IRS announces the long-term AFR monthly in a series of revenue rulings published in the Internal Revenue Bulletin.

For build America bonds (Tax Credit), multiply by 35% (0.35) the amount of interest payable with respect to the interest payment date for which you are filing Form 1097-BTC or sending a statement to the credit recipient. Enter the credit amount so determined in boxes 5a–5l for the month in which the interest payment date occurred. Thus, if the interest payment dates for a build America bond are June 30 and December 31, enter the credit amounts in boxes 5f and 5l.

For qualified zone academy bonds issued before October 4, 2008, enter the amount so determined in the box 5 that corresponds to the credit allowance date. When filing the annual Form 1097-BTC with the IRS, enter the same amount in box 1.

STEP 2. For qualified tax credit bonds or clean renewable energy bonds only, multiply the credit amount so determined in STEP 1 by 25% (0.25) for each credit allowance date you hold a qualified tax credit bond or clean renewable energy bond during your tax year. Enter the credit amount determined in STEP 2 in the box for the month in which the credit allowance date occurred.

Example 1. You issued a qualified energy conservation bond on March 15, 2017. For the Form 1097-BTC statement for the March 15, 2025, credit allowance date, due to the recipient by May 15, 2025, you would enter 25% (0.25) of the amount computed in STEP 1 in box 5c. For the Form 1097-BTC statement for the June 15, 2025, credit allowance date, due to the recipient by August 15, 2025, you would enter 25% (0.25) of the amount computed in STEP 1 in box 5f. For the Form 1097-BTC statement for the September 15, 2025, credit allowance date, due to the recipient by November 17, 2025, you would enter 25% (0.25) of the amount computed in STEP 1 in box 5i. For the annual Form 1097-BTC and December 15, 2025, credit allowance date, due to the recipient by February 16, 2026, and to the IRS by March 2, 2026 (March 31, 2026, if filed electronically), enter 25% (0.25) of the credit amount determined in STEP 1 in box 5l and 100% (1.0) of the credit amount determined in STEP 1 in box 1.

However, the 25% will be prorated for any credit allowance date if a clean renewable energy bond or qualified tax credit bond is issued, redeemed, or matures during the 3-month period ending on a credit allowance date with respect to which you are reporting the credit. The percentage of credit allowed for that credit allowance date is prorated for the number of days the bond was outstanding during the 3-month period.

See *Caution* regarding the repeal of sections 54, 54A, and 54AA, earlier.

Example 2. A qualified zone academy bond that you issued matures on March 23, 2025. Since the bond was not outstanding for the entire 3-month period on June 15, 2025, the prorated portion of the 25% is figured by dividing (a) the number of days the bond was outstanding beginning on the day after the prior (March 15) credit allowance date and ending on March 23, 2025, by (b) the number of days included in the 3-month period beginning on the day after the prior (March 15) credit allowance date and ending on the next (June 15) credit allowance date. See *Proration Calculation* below.

Proration Calculation

$$\frac{\text{8 days (number of days from March 16 through March 23)}}{\text{92 days (number of days from March 16 through June 15)}} = 0.087 \times 0.25 = 2\% \ (0.02)$$

Thus, for the credit allowance date with respect to the 3-month period in which the bond matures, you would multiply the credit amount determined in STEP 1 by the prorated percentage. In *Example 2*, for the 2nd quarter reporting period for 2025, due to the recipient by August 17, 2026, you would enter the amount determined by multiplying 2% (0.02) with the credit amount determined in STEP 1 in box 5f. You would carry the same percentage to the Total annual credit reported in box 1 for the annual/4th quarter reporting period filed with the IRS and sent to the recipient. Thus, in *Example 2*, you would enter in box 1 "27%" (0.27) of the amount determined in STEP 1.

Note. For new clean renewable energy bonds issued under section 54C and qualified energy conservation bonds issued under section 54D, report the credit amount after the 70% limit has been applied.

Box 6. Comments

Enter any additional information.