



## Treasury/IRS Proposed Rule Implementing the 30C Alternative Fuel Vehicle Refueling Property Tax Credit

**Agency:** Department of the Treasury; Internal Revenue Service

**Action:** Notice of proposed rulemaking

**Comment Deadline:** November 18, 2024

**Federal Register Notice:** [Here](#)

**Treasury and IRS Press Release:** [Here](#)

### Key Links

- Inflation Reduction Act 30C [Statutory Text](#) (Starting p. 398)
- ZETA [Comment](#) on 30C (December 2022)
- Most Recent Coalition [Letter](#) to Secretary Yellen on 30C (September 2024)
- ZETA [Statement](#) on 30C Proposed Rule (September 2024)

### Overview

On September 18, 2024, Treasury and the IRS released a proposed rulemaking to implement the Alternative Fuel Vehicle Refueling Property tax credit (30C) as amended by the Inflation Reduction Act. More information on the general structure and overview of the 30C credit can be found [here](#). The proposed rule focuses on definitions of credit-eligible property, including defining single item and energy storage properties. See further below in this document for more information. Treasury and the IRS have also developed these helpful factsheets:

- [Individuals and the Alternative Fuel Vehicle Refueling Property Credit](#)
- [Businesses and the Alternative Fuel Vehicle Refueling Property Credit](#)
- [Tax-Exempt Entities and the Alternative Fuel Vehicle Refueling Property Credit](#)

Alongside this proposed rule, Treasury and the IRS released a [notice](#) providing updated mapping tools that help qualifying taxpayers determine their geographic eligibility. Intended geographic definitions were [released](#) earlier this year, which would provide that the tax credit would be available to approximately two-thirds of Americans.

### Key Elements of the Proposed Rule

The bullets below cover several key issues that were either modified in this proposed rule or have been addressed for the first time with specificity. Much of the proposal is definitional along with some illustrative example scenarios. Most notably, Treasury and the IRS adopted an inclusive view of *single item of 30C property* which is defined to include each individual charging port at a site plus any *functionally interdependent* and, if applicable, any *integral part* of property associated with the item to include onsite energy storage property. This definition

distinguishes between refueling and recharging properties - a theme that persists throughout the proposed rule.

The proposal also touches on a number of other topics relevant to ZETA members including limiting the 30C credit from applying to bidirectional-capable equipment onboard vehicles (but not chargers), streamlining the implementation of prevailing wage and apprenticeship requirements by enabling taxpayers to effectively bundle properties of a similar character when calculating PWA multipliers, procedures for apportioning the credit value between commercial and residential chargers, provisions related to dual-use property, and recapture rules. The proposal also requests comments on how to apply the 30C geographic requirements to mobile chargers and low-population census tracts.

- *Single Item of 30C Property Definition*
  - “Many commenters suggested that, for purposes of electric vehicle chargers, a ‘single item’ should be defined as each charging port and that the item also should include functionally interdependent property as well as other property that commenters deemed necessary for the installation and use of the charger. The proposed regulations largely adopt these comments.”
  - *Single item of 30C property.* A taxpayer may claim the section 30C credit with respect to 30C property if the taxpayer *places in service* at least one single item of 30C property, any other components associated with the item that are *functionally interdependent*, and, if applicable, any *integral part* property associated with the item. For purposes of calculating the section 30C credit, a single item of 30C property is—
    - (i) Each charging port for recharging property;
    - (ii) Each fuel dispenser for refueling property; or
    - (iii) Each storage property.
  - Regarding storage property, the proposed rule also modifies proposed sections 48 and 48E to prevent batteries from being double credited between those and 30C.
- *Functionally Interdependent Definition*
  - Components are *functionally interdependent* if the placing in service of each component is dependent upon the placing in service of each of the other components in order to refuel or recharge a motor vehicle.
- *Integral Part Definition*
  - Property is an *integral part* of a refueling or recharging property if it is used directly in the intended function of the property and is essential to the completeness of the intended function, meets all of the requirements for 30C property, is owned by the taxpayer that owns the refueling property or recharging

property, and is specifically designed to be integrated with the refueling property or recharging property with which it is associated.

- Eligible Costs
  - The amount of the section 30C credit would include the cost of *functionally interdependent* property and, if applicable, any property that is an *integral part* of refueling or recharging property that is part of the 30C property *placed in service* by the taxpayer during the year (associated property). These costs would be included in the section 30C credit for a single item to the extent that they are directly attributable and traceable to that particular single item of 30C property. The cost of associated property that is directly attributable and traceable to more than one item of 30C property would be allocated among the relevant items based on the cost of each single item of 30C property.
- Eligible Census Tracts
  - The proposed rule largely adopts [Notice 2024-20](#) (February 2024) articulating Treasury and the IRS’s approach to determining eligible census tracts for purposes of 30C.
  - Treasury and the IRS also request comments on whether and how low-population census tracts named under section 45D(e)(2) and (4) could be identified accurately to qualify as eligible census tracts under 30C.
- Bidirectional Charging Equipment
  - “Many of the comments suggested that the regulations provide that all costs, including any costs for bidirectional equipment contained within the motor vehicle (onboard equipment) be creditable.”
  - The proposed rule would not exclude charging ports that are bidirectional capable but would exclude components that are located within a motor vehicle and are necessary for the propulsion of that vehicle, including onboard equipment.
- Mobile Chargers
  - Treasury and the IRS request comments on how mobile equipment could satisfy the geographic requirement that 30C property must be placed in service in an eligible census tract, and request comments on any related rules that should be adopted, particularly with respect to any administrative requirements to ensure only qualifying mobile equipment is credited.
- Prevailing Wage and Apprenticeship
  - Multiple 30C properties will be treated as a single 30C project for the purpose of satisfying prevailing wage and apprenticeship (PWA) requirements if the items of

property are constructed and operated on a contiguous piece of land, owned by a single taxpayer (subject to the related party rule), placed in service in a single taxable year, and one or more of the following factors is present:

- (1) the properties are described in one or more common environmental or other regulatory permits;
- (2) the properties are constructed pursuant to a single master construction contract; or
- (3) the construction of the properties is financed pursuant to the same loan agreement.

- The proposed regulations do not modify any of the [final PWA requirements](#) (ZETA [summary](#)), other than above, and the Treasury Department and the IRS are not reopening the comment period on the PWA regulations generally.

- Recapture

- In general, the proposed rule would require taxpayers to recapture the benefit of any section 30C credit allowed with respect to any property that ceases to be property eligible for such credit. If a recapture event occurs with respect to a taxpayer's 30C property, then the taxpayer must include the recapture amount in taxable income for the taxable year in which the recapture event occurs.

- Dual-Use Property

- The proposed regulations would generally incorporate the dual-use rules from [IRS Notice 2007-43](#), with some modifications to account for subsequent amendments to section 30C.