



## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### Publication of Inflation Adjustment Factor and Applicable Amounts for Clean Electricity Production Credit for Calendar Year 2025

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of publication.

**SUMMARY:** The 2025 inflation adjustment factor and applicable amounts are used in calculating the amount of the clean electricity production credit allowable under section 45Y (section 45Y credit) of the Internal Revenue Code (Code), which are required by law to be published in the ***Federal Register***.

**FOR FURTHER INFORMATION CONTACT:** Kevin I. Babitz, CC:ECE:2, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC 20224, (202) 317-5046 (not a toll-free number).

#### **SUPPLEMENTARY INFORMATION:**

This notice sets forth the 2025 inflation adjustment factor and applicable amounts used to determine the amount of the section 45Y credit that apply to calendar year 2025 sales, consumption, or storage of electricity produced in the United States or a possession thereof at a qualified facility. The contents of this notice will be republished in the Internal Revenue Bulletin (see 26 CFR 601.601(d)(2)).

**Inflation Adjustment Factor:** The inflation adjustment factor for calendar year 2025 for purposes of the section 45Y credit is 1.9971.

**Section 45Y Credit:** Section 45Y was added to the Code by section 13701(a) of Public Law 117-169, 136 Stat. 1818, 1982 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022, to provide an income tax credit for producing electricity at a qualified facility.

Section 45Y(a)(1) provides that, for purposes of section 38 of the Code, the section 45Y credit for any taxable year is an amount equal to the product of (1) the kilowatt hours of electricity produced by the taxpayer during such taxable year at a qualified facility (described in section 45Y(b)), and either (i) sold by the taxpayer to an unrelated person during the taxable year, or (ii) in the case of a qualified facility which is equipped with a metering device which is owned and operated by an unrelated person, sold, consumed, or stored by the taxpayer during the taxable year, multiplied by (2) the applicable amount with respect to such qualified facility.

For purposes of the applicable amount used in calculating the section 45Y credit, section 45Y(a)(2) provides a base amount and a higher alternative amount. Section 45Y(a)(2)(A) provides that, subject to section 45Y(g)(7) (providing an increase in credit for qualified facilities located in an energy community), the applicable amount will be the base amount of 0.3 cents in the case of a qualified facility that does not satisfy the requirements for the alternative amount. Section 45Y(a)(2)(B) provides that, subject to section 45Y(g)(7), the applicable amount will be the alternative amount of 1.5 cents in the case of any qualified facility (1) with a maximum net output of less than 1 megawatt (as measured in alternating current), (2) the construction of which begins prior to the date that is 60 days after the Secretary of the Treasury or the Secretary's delegate (Secretary) publishes guidance on the requirements of section 45Y(g)(9) (wage requirements) and section 45Y(g)(10) (apprenticeship requirements),<sup>1</sup> or (3) that satisfies section 45Y(g)(9) and, with respect to the construction of such facility, satisfies section 45Y(g)(10).

Section 45Y(c)(1) provides for an inflation adjustment for both the base and

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<sup>1</sup> To meet this requirement, the construction of the qualified facility must begin prior to January 29, 2023. On November 30, 2022, the Department of the Treasury and the IRS published Notice 2022-61 in the *Federal Register* (87 FR 73580, *corrected in* 87 FR 75141 (Dec. 7, 2022)), providing initial guidance with respect to the prevailing wage and apprenticeship requirements and starting the 60-day period described in section 45Y(a)(2)(B).

alternative amounts. Section 45Y(c)(1) provides that, in the case of a calendar year beginning after 2024, the 0.3 cent amount in section 45Y(a)(2)(A) and the 1.5 cent amount in section 45Y(a)(2)(B) will each be adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale, consumption, or storage of the electricity occurs. If the 0.3 cent amount as adjusted for inflation is not a multiple of 0.05 cent, such amount is rounded to the nearest multiple of 0.05 cent. If the 1.5 cent amount as adjusted for inflation is not a multiple of 0.1 cent, such amount is rounded to the nearest multiple of 0.1 cent.

Section 45Y(c)(2) requires the Secretary to determine and publish in the Federal Register each calendar year the inflation adjustment factor for such calendar year.

Section 45Y(c)(3) defines the term *inflation adjustment factor* as, with respect to a calendar year, a fraction, the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1992. The term *GDP implicit price deflator* means the most recent revision of the implicit price deflator for the gross domestic product as computed and published by the Department of Commerce before March 15 of the calendar year.

*Inflation Adjustment Factor for Calendar Year 2025:* For purposes of section 45Y(c)(1), for sales, consumption, or storage of electricity occurring in calendar year 2025, the inflation adjustment factor is a fraction, the numerator of which is the GDP implicit price deflator for 2024 (125.234) and the denominator of which is the GDP implicit price deflator for 1992 (62.707), which yields an inflation adjustment factor of 1.9971. Accordingly, the inflation adjustment factor for calendar year 2025 for purposes of the section 45Y credit is 1.9971.

*Applicable Amounts for Calendar Year 2025:* Under the calculation required by section 45Y(c)(1), for sales, consumption, or storage of electricity occurring in calendar

year 2025, the applicable amount provided in section 45Y(a)(2)(A) is 0.6 cents (or \$0.006). For sales, consumption, or storage of electricity occurring in calendar year 2025, the applicable amount provided in section 45Y(a)(2)(B) is 3 cents (or \$0.03). (Authority: Section 45Y(c)(2) of the Internal Revenue Code (26 U.S.C. 45Y(c)(2)).)

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