



Side-by-Side Analysis of Energy Tax Credit Changes in Budget Reconciliation

As of 1:30 pm ET, 7.1.25

Name of Tax Provision	Current Law	House-Passed Reconciliation Bill	Senate-Passed Reconciliation Bill 7.1
25D, 25C, and 45L (Residential Tax Credits) 179D (Commercial Energy Efficient Building Deduction)	Provides credits for residential solar, wind, and energy efficiency. Credits for qualified improvements and builders of new energy-efficient homes. Provides deduction for commercial building owners for energy efficiency improvements.	Terminates 25D, 25C at the end of 2025. 45L terminates at the end of 2026 if construction begins before May 12, 2025. No change to 179D.	25D (residential energy) sunsets with respect to any expenditures made after December 31, 2025. 25C (home improvement) sunsets with placed in service requirement of December 31, 2025. 45L (efficient home credit) sunsets by June 30, 2026. 179D (commercial buildings credit) sunsets with the beginning of construction requirement of June 30, 2026.
25E, 30D, 45W, and 30C (Electric Vehicle Tax Credits)	Provides significant credits for electric vehicle purchases.	30D terminates after 2026. All others terminate at the end of 2025.	30D (consumer credit), 25E (previously owned) and 45W (commercial leasing), terminated Sept. 30, 2025; with no retroactivity. 30C (alt fuel vehicle refueling credit) in place until June 30, 2026.

<p>48(a) (Geothermal Heat Pump Credit)</p>	<p>Base tax credit:</p> <ul style="list-style-type: none"> • Before 2033: 6% • 2033: 5.2% • 2034: 4.4% • 2035: Credit eliminated <p>Recipients are eligible for “bonus credits” of up to 30% total if their projects meet specific prevailing wage/apprentice standards. Additional 10% bonus credits for domestic content and energy community requirements. A total possible credit of 50% for projects commencing construction before 2033.</p>	<p>Credit base rate down shift accelerated by three years:</p> <ul style="list-style-type: none"> • Before 2030: 6% • 2030: 5.2% • 2031: 4.4% • 2032: Credit eliminated three years early. <p>Prevailing wage & Apprenticeship, domestic content, and energy community bonuses remain in place, meaning a total possible credit of 50% for projects commencing construction before 2030. No transferability for facilities that commence construction 2 years after the enactment of the bill ~2027. Also adds foreign entity restrictions.</p>	<p>Some modifications but remain intact.</p>
<p>48E (Clean Investment Credit)</p>	<p>Begins in 2025 as a tech-neutral replacement to ITC, phases out by 2032 or when the U.S. power sector greenhouse gas emissions are reduced to 25% of 2022 levels.</p>	<p>Most technologies must begin construction by 60 days after enactment <u>and</u> be placed in service by 2028; Nuclear must begin construction and be placed in service by 2028;</p> <p>Foreign entity material assistance restrictions begin in 2026; Immediately denies credit for</p>	<p>For wind and solar, commence construction for one year post-enactment, or must be placed in service December 31, 2027.</p> <p>Other technology sectors begin phaseout 2032</p> <p>Modifies residential solar leasing to align with utility-scale solar and wind credit timeline and restrictions.</p>

		solar and wind residential leases (commonly used as an alternative to 25D today).	Strict foreign entity and material-assistance bars apply for projects beginning construction after December 31, 2025.
45Y (Clean Electricity Production Credit)	Begins in 2025 as a tech-neutral replacement to PTC, phases out by 2032 or when the U.S. power sector greenhouse gas emissions are reduced to 25% of 2022 levels.	Same changes as 48E.	<p>For wind and solar, commence construction before one year post-enactment, or must be placed in service December 31, 2027.</p> <p>Other technology sectors begin phaseout 2032</p> <p>Modifies residential solar leasing to align with utility-scale solar and wind credit timeline and restrictions.</p> <p>Strict foreign entity and material-assistance bars apply for projects beginning construction after December 31, 2025.</p>
Bonus credits (PWA, energy communities, low-income communities, domestic content)	5x credit for meeting prevailing wage and apprenticeship standards on multiple credits. 10% bonuses on ITC/PTC for projects in energy communities, certain small projects in low-income communities, and meeting domestic content.	No changes.	<p>Makes technical corrections to the domestic content bonus, creating parity on requirements for 45Y and 48E related to on and offshore projects.</p> <p>Confirms energy storage is eligible for domestic content bonus.</p>
45V (Clean Hydrogen)	New 10-year incentive for clean hydrogen of up to \$3.00/kilogram.	Full repeal of 45V starting at EOY25. Only facilities that begin	Extended to December 31, 2028.

Production Tax Credit)		construction before the end of 2025 will qualify for the credit.	
45Q (Carbon Capture Credit)	Expanded in IRA; includes direct pay and transferability.	Repeals transferability EOY 27, but credit end date remains the same. Adds foreign entity ownership restrictions and recapture rules.	Requires FEOC restrictions on ownership and payments; no change to overall 45Q end-date. Provides parity of credit values for captured carbon oxide, whether it is disposed of in secure geological storage or utilized and then sequestered. This is effective for equipment placed in service after December 31, 2022.
48C (Qualifying Advanced Energy Project Credit)	\$10 billion allocated tax credit for qualifying energy projects.	No changes.	Associated funds for projects that have been revoked would not be reallocated back into a pool for other projects to use
45X (Advanced Manufacturing Production Credit)	Credit for the production of clean energy components (e.g., solar panels, batteries).	Moves up the end date by one year to 2031 to be in line with other phase-outs. Limited via foreign entity affiliation (immediate) and component restrictions (begin in 2027). Wind energy components such as blades, towers, and gearboxes would lose their eligibility in 2028.	Termination of wind component eligibility as of December 31, 2027. Material Assistance benchmarks (see FEOC section for more details) Applies to metallurgical coal (for steel production) through December 31, 2029. Provides a definition on the battery module*
45U (Nuclear)	Credit for nuclear power production.	Phase-out moved to 2031. The proposal phases down the	Removes the prohibition from Section 45U of the existing nuclear credit for nuclear power plants using nuclear fuel produced in

		amount of power production applicable for tax credit. Limited via foreign entity ownership restrictions.	covered nations or by covered entities. Specified foreign entity and foreign-influenced entity restrictions continue to apply (only ownership and influence, avoids material assistance related to nuclear fuel).
45Z (Clean Fuels)	Credit for clean fuel production. Initially scheduled end date for 2027.	Extended end date to 2031. Some limitations to domestic feedstocks and eligibility are included. Limited via foreign entity ownership restrictions.	Modifications apply to fuel produced after Jan 1, 2026; Extends through December 31, 2029. Two years more than current law. Clarifies new coordination rule for 45Z and prior sustainable aviation fuel credit and makes the change likely. Reduces incentive for SAF. Allows stacking of 40A and 45Z.
6418 (Transferability)	Allows the sale of most clean energy credits.	Nominally extended for 48E and 45Y, with no functional benefit for any credit other than nuclear given other restrictions. Extended for 45U.	Transferability remains available for the duration of underlying credits.
6417 (Direct Pay)	Available for certain credits and entities (e.g. tax-exempt, tribal).	Not repealed.	Restores statutory domestic content exception for the direct pay requirement. (Back to current law).
Foreign Entity of Concern Restrictions	Not applicable for tax credits in IRA, except 30D (EV credit).	Material assistance requirements starting December 31, 2025. Creates complex new restrictions on ownership, payments, and influence. Creates a new	<ul style="list-style-type: none"> Material assistance: construction begins after December 31, 2025. (this aligned with House).

		<p>definition for material assistance received from foreign adversaries (e.g., China), including stricter definitions around ownership and influence.</p>	<ul style="list-style-type: none">• Additional clarity on: foreign entity, foreign-influenced entity, effective control, licensing.• Certification penalties now apply if the supplier knows or reasonably should have known that the certification is inaccurate or false.• The existing contract exclusion is now restricted to facilities that commenced construction before August 1, 2025.• Gives Treasury discretion to define covered manufactured products and components <p>FEOC Material Assistance:</p> <p>45Y/48E: Percentage of your components and materials that is not FEOC:</p> <p>Qualified facility (based on commence construction). 40% CY 26, increasing 5% through 2029, ending at 60%</p> <p>Energy storage tech (based on commence construction): 55% CY 26, increasing 5% through 2029, ending at 75%.</p> <p>45X: Eligible components (CY sold) Percentage of your components and materials that is not FEOC:</p>
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