

# What tax rates should energy storage projects pay



## Overview

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- For projects beginning construction on or after Jan. 29, 2023 or where the maximum net output is 1 MW or greater, the base tax credit is 6% of the taxpayer's basis in the energy property or qualified facility (or energy storage technology). Eligible tax-exempt and governmental entities can claim the § 48 ITC and § 48E Clean Electricity ITC for qualified energy property through a new mechanism called elective pay (also known as “direct pay”). Satisfies certain prevailing wage and apprenticeship requirements (“PWA requirements”). An additional 10% credit rate is available (2% if. This credit directly offsets federal income tax liability based on a percentage of the project's eligible cost basis. Qualified energy storage technologies are now explicitly defined as ITC-eligible property. Eligible storage technologies include: The base credit is 6 percent of. To qualify for the highest tax credits available for energy storage projects, you need to understand the relevant provisions established under the Inflation Reduction Act (IRA) and additional criteria involving project characteristics and compliance with specific requirements. Copyright 2023 Andersen Tax LLC All rights reserved.

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114KWh ESS













### Investment tax credit for energy property under section 48

Taxpayers should carefully evaluate the application of these changes to their thermal energy storage system projects. The rules outlined in this section apply to property placed in service in tax years ...

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### SALT and Battery: Taxes on Energy Storage

In this installment of Andersen's Sodium Podium, the authors discuss the differing property tax and sales tax considerations regarding battery energy storage systems and examine the ...



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### What types of energy storage projects qualify for the highest tax

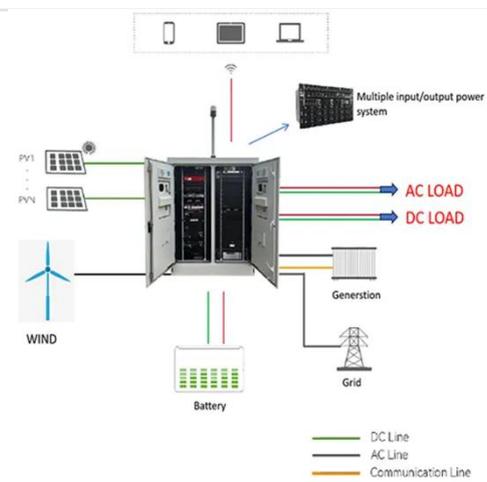
To qualify for the highest tax credits available for energy storage projects, you need to understand the relevant provisions established under the Inflation Reduction Act (IRA) and additional ...

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### The State of Play for Energy Storage Tax Credits - Publications

The energy storage industry has continued to progress over the course of 2024 and into 2025, buoyed in significant part by the federal income tax benefits in the form of tax credits enacted ...

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## Federal Tax Incentives for Battery Storage Systems

The primary mechanism for incentivizing capital investment in energy storage is the Investment Tax Credit (ITC). This credit directly offsets federal income tax liability based on a ...

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## ITC Elective Pay Explainer

To calculate the amount your § 48 or § 48E project is eligible for, multiply the applicable tax credit percentage by the "tax basis," or the amount spent on an eligible unit of energy property or qualified ...

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## Publication 6045 (Rev. 2-2025)

To calculate the amount your § 48 or § 48E project is eligible for, multiply the applicable tax credit percentage by the "tax basis," or the amount spent on an eligible unit of energy property or

qualified ...

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## Clean Energy Tax Incentives for Businesses

The one-megawatt exception may also apply to qualified projects under section 48 with a maximum net output of less than one megawatt of thermal energy; and to energy storage technology under section ...

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## Battery Storage Tax Credits: What's Next Amid the ...

Learn how battery storage (BESS) tax credits (48E ITC) have been affected by the One Big Beautiful Bill Act.

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## Energy Storage Gets Its Own Credit: What Developers Need to Know

The Inflation Reduction Act (IRA) of 2022 allowed energy storage systems to qualify for Investment Tax Credit (ITC)

for energy storage technologies. This change has opened the door to a large pipeline of ...

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