



Tax Reform

How Does the One Big Beautiful Bill Act
Impact Energy?





Agenda

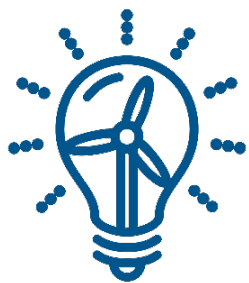
- **Welcome, energy credit provisions in OBBBA:**
 - [Lisa Jacobson](#), President, Business Council for Sustainable Energy
 - [Lynn Abramson](#), President, Clean Energy Business Network
 - [Andy Barnes](#), Director of Policy and Communications, Clean Energy Business Network
- **Foreign Entity of Concern (FEOC) requirements:**
 - [Avi Zevin](#), Partner at Roselle LLP
- **Sec. 174 R&D deduction:**
 - [Lynn Mucenski-Keck](#), Partner at Withum



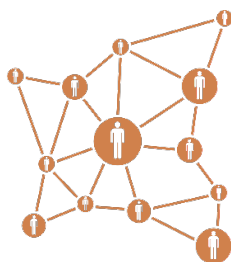
The small business voice for
the clean energy economy



Policy
Support



Market &
Technology
Education



Business
Development
Assistance



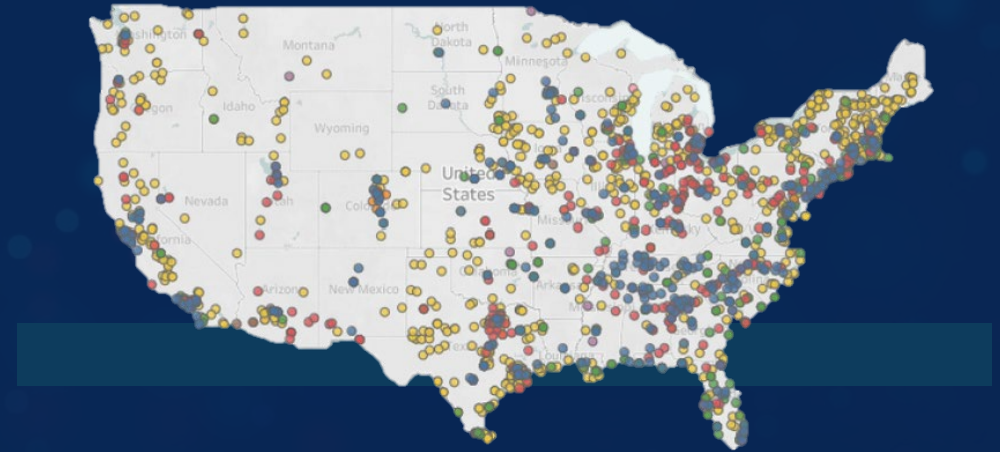
Realizing a Competitive Clean Energy America

BCSE'S VISION

A Vibrant, Competitive, and Sustainable U.S. Economy

BCSE'S MISSION

Accelerating the Adoption of Efficient, Cost-Effective, and Clean Energy Solutions for All Consumers



BCSE members account for **\$3.8 trillion** in market capitalization and nearly **1 million employees**.

2025 Membership



Our Coalition Leads the Way

The Business Council for Sustainable Energy (BCSE) is a coalition of companies and trade associations that deploy clean energy and decarbonization solutions, with a sector focus on **energy efficiency**, **natural gas**, and **renewable energy**.

BCSE advocates

for policies that support a diverse portfolio of energy options and ensure access to affordable, reliable, and clean energy solutions.

BCSE supports

business development, networking, and knowledge exchange among its members and networks.

BCSE provides

a credible, broad-based business coalition on clean energy market trends and policy impacts.

The One Big Beautiful Bill Act

Signed into law July 4, 2025, OBBBA:

- Rapidly eliminates or phases out some energy tax credits.
- Leaves others relatively untouched.
- Restricts involvement of “foreign entities of concern.”
- Maintains transferability.
- Permanently restores Sec. 174 R&D deduction.

Visit our [Tax Package Resource Center](#) to learn more.



Photo: White House Gallery

Consumer-Facing Credits

Residential, commercial, and vehicle credits eliminated within 6-12 months.

Rapid elimination
Condensed deadline
Untouched
Extended

TAX CREDIT	PREVIOUS TIMELINE	NEW TIMELINE
25E - Used EVs	Vehicle acquired by Dec. 31, 2032	Vehicle acquired by Sep. 30, 2025
30D - New EVs	Vehicle acquired by Dec. 31, 2032	Vehicle acquired by Sep. 30, 2025
30C - EV charging infrastructure	Placed in service by Dec. 31, 2032	Placed in service by June 30, 2026
45W - Commercial EVs	Vehicle acquired by Dec. 31, 2032	Vehicle acquired by Sep. 30, 2025
25C - EE Home Improvement	Placed in service by Dec. 31, 2032	Placed in service by Dec. 31, 2025
25D - Residential Clean Energy	Placed in service by Dec. 31, 2034	Expenditures made by Dec. 31, 2025
45L - New EE Home	Home acquired by Dec. 31, 2032	Home acquired by June 30, 2026
179D – EE Commercial Building	Construction begins by Dec. 31, 2032	Construction begins by June 30, 2026

Sec. 48E/45Y Tech-Neutral Credits

Solar and wind rapidly phased out.
Other technologies remain similar to current schedule.

Rapid elimination
Condensed deadline
Untouched
Extended

TAX CREDIT	PREVIOUS TIMELINE	NEW TIMELINE
45Y - Tech neutral PTC 48E - Tech neutral ITC	Projects must commence construction in 2025-2032 (or until certain emissions reductions met) and be placed in service within four years (aka “safe harbor”).	Wind and Solar: Projects must begin construction* by July 4, 2026 to retain the current safe harbor OR must be placed in service by Dec. 31, 2027 .
		Other technologies (geothermal, hydro, storage, etc.): Projects must begin construction* by Dec. 31, 2033 to receive full value of credit, then phased down (75% of credit in 2034, 50% in 2035, then 0%).

* Pending any revisions by the Treasury Dept. under President Trump’s July 7, 2025 EO.

Other Sec. 48/45 Credits

Rapid elimination
Condensed deadline
Untouched
Extended

TAX CREDIT	PREVIOUS TIMELINE	NEW TIMELINE
45V - Clean Hydrogen	Construction begins by Dec. 31, 2032	Construction begins by Dec. 31, 2027
48(a) – Geothermal Heat	Construction begins by Dec. 31, 2034	Construction begins by Dec. 31, 2034
45U - Nuclear	Construction begins by Dec. 31, 2032	Projects that begin construction by Dec. 31, 2033 receive full value of credit, then phased down (75% of credit in 2034, 50% in 2035, then 0%).
45Q – Carbon Capture	Construction begins by Dec. 31, 2032	Construction begins by Dec. 31, 2032
45X - Advanced Manufacturing	Goods produced/sold by Dec. 31, 2029 receive full value of credit, then phased down (75% of credit in 2030, 50% in 2031, 25% in 2032, then 0%). Critical minerals: permanent	Wind: Goods sold by Dec. 31, 2027
		Critical minerals: Goods sold by Dec. 31, 2030 receive full value of credit, then phased down (75% in 2031, 50% in 2032, 25% in 2033, then 0%).
		Other: Maintains current schedule for battery/solar components; adds metallurgical coal as eligible material.
45Z – Clean Fuels (SAF)	Fuel sold in 2025-2027	Fuel sold in 2025-2029

Executive Order on Wind and Solar

- Issued by President Trump on July 7.
- Directs Treasury Dept. to take action within 45 days on implementation of wind and solar credit deadlines and FEOC provisions in OBBBA.

*“This includes issuing new and revised guidance as the Secretary of the Treasury deems appropriate and consistent with applicable law to ensure that policies concerning the 'beginning of construction' are not circumvented, including by preventing the artificial acceleration or manipulation of eligibility and by **restricting the use of broad safe harbors unless a substantial portion of a subject facility has been built.**”*



Avi Zevin

Partner, Roselle LLP





Prohibited Foreign Entity (aka FEOC) Requirements under OBBB

Avi Zevin
Roselle LLP

July 31, 2025



FEOC Restrictions Across Tax Credits

OBBB FEOC Restrictions



Credit	Specified Foreign Entity	Foreign-Influenced Entity	Material Assistance (Sourcing)	Licensing from PFE's	Payments to PFE's
Clean Electricity Production (45Y)	✓	✓	✓	✓	✓
Clean Electricity Investment (48E)	✓	✓	✓	✓	✓
Advanced Manufacturing Production (45X)	✓	✓	✓	✓	✓
Nuclear Power Production (45U)	✓	✓			
Carbon Capture and Sequestration (45Q)	✓	✓			
Clean Fuel Production (45Z) *	✓	✓			

- PFE - Prohibited Foreign Entity (either a Specified Foreign Entity or a Foreign Influenced Entity)
- Licensing - Disallows credit for licensing agreement with PFE that retains rights to sourcing, operations, royalties after ten years, or limits full access to the technologies data, information, and know-how
- Payments - Disallows payments to PFEs pursuant to contract, agreement, or other arrangement which allows SFE effective control
- * - The law imposes a new requirement that fuel must be exclusively derived from feedstock produced in the United States, Mexico, or Canada



Specified Foreign Entity

- Entities on certain national security lists
- a government of a “covered nation” (North Korea, Iran, Russia, & China),
- a citizen or national of a covered nation (excluding U.S. citizens and lawful permanent residents),
- an entity or qualified business unit incorporated or organized under laws of a covered nation or an entity having its principal place of business in a covered nation, or
- any entity “controlled” by such entities.
 - owning greater than 50% vote or value, greater than 50% profit or capital interests, or greater than 50% of the beneficial ownership.
 - “Upward attribution” (IRC § 318(a)(2)) only: corporate siblings and familial relationships don’t count



Foreign Influenced Entity

Based on relationships with SFEs

- Direct authority to appoint covered officer (board, c-suite)
- Ownership: 25% by single SFE or 40% by mix of SFEs
- Debt: 15% issued to SFEs
- Effective control payments (see next slide)

Some limited compliance streamlining for publicly traded entities



Payments test: “Effective Control”

Only for 45Y/48E and 45X

Between taxpayer and SFE (with some complex related-party rules)

- **Contracts** that confer effective control
 - Look to default contractual provisions until guidance
- **IP licenses:** In effect, all IP agreements entered into/modified after enactment and some entered into before
- Anti-circumvention
- ITC Recapture

Material Assistance

- Material Assistance Cost Ratio
- Guidance, Safe Harbors, and Supplier Certification

$$\left(\begin{array}{l} \text{Total direct costs to the taxpayer attributable} \\ \text{to all manufactured products (including} \\ \text{components) which are incorporated} \\ \text{into the qualified facility or EST} \\ \text{upon completion of construction} \end{array} \right) - \left(\begin{array}{l} \text{Total direct costs to the taxpayer attributable} \\ \text{to all manufactured products (including} \\ \text{components) which are incorporated} \\ \text{into the qualified facility or EST} \\ \text{upon completion of construction} \\ \text{and mined, produced, or manufactured} \\ \text{by a prohibited foreign entity} \end{array} \right)$$

Total direct costs to the taxpayer attributable to all manufactured products (including components) which are incorporated into the qualified facility or EST upon completion of construction

Material Assistance Cost Ratios



Year	Clean Electricity PTC*/ITC** (48E and 45Y)	Solar Components (45X)	Wind Components (45X)	Inverters (45X)	Battery Components (45X)	Critical Minerals (45X)
2026		50%	85%	50%	60%	0%
2027	45%	60%	90%	55%	65%	0%
2028	50%	70%		60%	70%	0%
2029	55%	80%		65%	80%	0%
2030	60%	85%		70%	85%	25%
2031	60%	85%		70%	85%	30%
2032	60%	85%		70%	85%	40%
After 2032	60%	85%		70%	85%	50%

• * - Production Tax Credit
• ** - Investment Tax Credit



Resources

- [NYU Tax Law Center guide to OBBB](#)
- [Bipartisan Policy Center explainer](#)
- [Norton Rose Fulbright blog](#)
- [Roselle LLP](#)

Lynn Mucenski-Keck

Partner, Withum



Research & Experimental Expenses (§174)

- + **Old**: Since 2023, R&E expenses were capitalized and expensed over 5 years (15 years for foreign R&E)
- + **OBBA**: Permanently reinstates the immediate deduction of domestic R&E expenses paid or incurred in tax years beginning after 12/31/2024

2025 Domestic R&E

+ General Rule:

1. Immediate Deduction

- Treated as a change in method of accounting, cut-off basis, and no 481 adjustment

2. Taxpayer can elect to amortize the domestic R&E ratable over a period of not less than 60 months beginning with the month in which the taxpayer first realizes benefits from such expenditures) on a timely filed return

- Under Reg. §1.174-4(a)(3), absent a showing to the contrary, this period is deemed to begin when the process, formula, invention or similar property is first employed in an income-producing use

3. Elect to deduct the domestic R&E over a 10-year period (allowed to be made on an amended return)

Previous Domestic R&E Capitalized Balances

Are you a taxpayer that meets the small business gross receipts test for first taxable year after 12/31/24?

Yes



Taxpayer can **elect** to treat domestic R&E as immediately deductible in the 2022, 2023, and 2024 taxable year.

Must be made within 1 year after the July 4th, 2025

OBBB: Must be made by filing an amended return for each taxable year affected by such election

Will be deemed an automatic change in method of accounting

Can change 280C election

Aggregation rules do apply

OR

Taxpayer can elect to deduct any remaining unamortized 174 domestic R&E which is paid or incurred between 2022, 2023, and 2024

- In the first taxable year after 12/31/24 OR
- Ratably over the 2 taxable years after 12/31/24

Will be deemed an automatic change in method of accounting

Previous Domestic R&E Capitalized Balances

Are you a taxpayer that meets the small business gross receipts test for first taxable year after 12/31/24?

No



Taxpayer can **elect** to deduct any remaining unamortized 174 domestic R&E which is paid or incurred between 2022, 2023, and 2024

- In the first taxable year after 12/31/24 OR
- Ratably over the 2 taxable years after 12/31/24

Aggregation rules do apply

Will be deemed an automatic change in method of accounting

An American flag is draped across the top of the slide, showing the stars and stripes.

Questions?

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