



TaxNewsFlash

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Notice 2023-6: Guidance on new sustainable aviation fuel credits

The IRS today released [Notice 2023-6](#) [PDF 209 KB] providing guidance on the new sustainable aviation fuel (SAF) credits under sections 40B and 6426(k), created by H.R. 5376 (commonly called the “Inflation Reduction Act of 2022” (IRA)).

Notice 2023-6 also provides guidance on the related credit and payment rules under sections 34(a)(3), 38, 87, and 6427(e)(1), and rules related to the section 4101 registration requirements.

In addition, Notice 2023-6 requests comments from the public related to the SAF credit to help the Treasury Department and IRS in developing additional guidance. The deadline for comments is February 17, 2023.

According to the accompanying IRS [release—IR-2022-223](#) (December 19, 2022)—the SAF credit applies to a qualified fuel mixture containing sustainable aviation fuel for certain sales or uses in calendar years 2023 and 2024. The SAF credit is \$1.25 for each gallon of sustainable aviation fuel in a qualified mixture. To qualify for the credit, the sustainable aviation fuel must have a minimum reduction of 50% in lifecycle greenhouse gas emissions. Additionally, there is a supplemental credit of one cent for each percent that the reduction exceeds 50%. Notice 2023-6 provides a safe harbor for calculating the lifecycle greenhouse gas emissions reduction percentage, and also clarifies what constitutes sustainable aviation fuel and a qualified mixture.

Further, Notice 2023-6 explains that a claimant may choose to claim the SAF credit:

- Through the excise tax system
- As a general business credit that is nonrefundable and must be included in income

Starting in 2025 SAF will be incentivized under the new section 45Z clean fuel production tax credit.

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