



TaxNewsFlash

United States



No. 2023-299
August 29, 2023

Proposed regulations: Guidance on prevailing wage and apprenticeship requirements under clean energy tax incentives

The U.S. Treasury Department and IRS today released for publication in the Federal Register proposed regulations (REG-100908-23) regarding the rules relating to qualifying for increased credit or deduction amounts available for taxpayers satisfying prevailing wage and registered apprenticeship (PWA) requirements established by H.R. 5376 (commonly called the “Inflation Reduction Act of 2022” (IRA)).

The IRA provides increased credit or deduction amounts that generally apply for taxpayers who satisfy certain PWA requirements regarding the construction, installation, alteration or repair of a qualified facility, qualified property, qualified project, qualified equipment or for certain energy facilities. The increased credit or deduction amount is generally equal to the base amount multiplied by five if the taxpayer satisfies the PWA requirements.

The [proposed regulations](#) [PDF 365 KB] (37 pages) as published in the Federal Register on August 30, 2023, provide guidance on various aspects of the PWA requirements including:

- Taxpayer recordkeeping requirements
- Wage determinations, including for projects spanning multiple geographic areas or located offshore
- Correction and penalty provisions
- Apprenticeship requirements and the “Good Faith Effort” exception
- Application of the PWA rules to specific Code provisions

The IRS today also released [“frequently asked questions” \(FAQs\)](#) about the PWA requirements and [Publication 5855](#) [PDF 75 KB], which is an overview of the PWA requirements and the applicable credits.

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Treasury and the IRS previously provided guidance on the PWA requirements in Notice 2022-61 (read [TaxNewsFlash](#)). Notice 2022-61 provided high-level rules on the PWA requirements and also started the 60-day “clock” for a PWA requirements transition rule such that projects on which construction began before January 29, 2023, are eligible for the higher credit or deduction amounts without satisfying the PWA requirements.

Comments on the proposed regulations, as well as requests to speak and outlines of topics to be discussed at the public hearing (scheduled for November 21, 2023, at 10 a.m. ET), are due by October 30, 2023. If no outlines are received by that date, the public hearing will be cancelled.

Read a related IRS release—[IR-2023-156](#) (August 29, 2023)

[kpmg.com/socialmedia](#)



The information contained in TaxNewsFlash is not intended to be “written advice concerning one or more Federal tax matters” subject to the requirements of section 1037(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader’s knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG’s Federal Tax Legislative and Regulatory Services Group at +1 202.533.3712, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)