



# TaxNewsFlash

United States



No. 2023-464  
December 22, 2023

## IRS announces tool for elective payment or transfer of credits under IRA and CHIPS

The IRS today announced that qualifying businesses, tax-exempt organizations, or entities such as state, local and Indian tribal governments can register using the new [IRA/CHIPS Pre-Filing Registration Tool](#) to take advantage of the elective payment or transfer of certain manufacturing investment, clean energy investment, and production tax credits under provisions of the Inflation Reduction Act (IRA) and the Creating Helpful Incentives to Produce Semiconductors Act (CHIPS).

According to today's IRS release—[IR-2023-249](#) (December 22, 2023)—taxpayers must complete the pre-file registration process to receive a registration number, which must be included on the taxpayer's annual return as part of making a valid election.

Interested taxpayers need to complete and submit the pre-filing registration request no earlier than the beginning of the tax year in which the taxpayer will earn the credit it wishes to monetize with an elective payment election or transfer election. Even though registration is not possible prior to the beginning of the tax year in which the credit will be earned, the IRS recommends that taxpayers register as soon as reasonably practicable during the tax year. The current recommendation is to submit the pre-filing registration at least 120 days prior to when the organization or entity plans to file its tax return on which it will make its election. This should allow time for IRS review, and for the taxpayer to respond if the IRS requires additional information before issuing the registration numbers.

If the elective payment amount, together with other tax payments and refundable credits, exceeds the taxpayer's income tax liability, it will be treated as an overpayment of tax, which can be refunded or credited to estimated tax for the next tax year.

Functionality allowing additional authorized users and expansion of the entity type drop down menu will be available soon.

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