



TaxNewsFlash

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Notice 2024-39: Carbon oxide sequestration credit under section 45Q, inflation adjustment factor for 2024

The [Internal Revenue Bulletin 2024-24](#) (dated June 10, 2024) includes Notice 2024-39, providing that the inflation adjustment factor for the carbon oxide sequestration credit under section 45Q for calendar year 2024 is 1.3877.

The inflation adjustment factor is used to determine the amount of the credit allowable under section 45Q for taxpayers that make an election under section 45Q(b)(3) to have the dollar amounts applicable under section 45Q(a)(1) or (2) apply.

The section 45Q credit for calendar year 2024 is \$27.75 per metric ton of qualified carbon oxide under section 45Q(a)(1) and \$13.88 per metric ton of qualified carbon oxide under section 45Q(a)(2).

Background

H.R. 5376 (commonly called the “Inflation Reduction Act” (IRA)) modified, extended and enhanced the section 45Q credits. The IRA changes are generally applicable for projects on which construction begins after 2022.

Section 13104(f) of the Inflation Reduction Act provides that in the case of any carbon capture equipment placed in service before the date of the enactment of the Bipartisan Budget Act of 2015 (BBA), the credit under section 45Q applies with respect to qualified carbon oxide captured using such equipment before the earlier of January 1, 2023, and the end of the calendar year in which the Secretary of the Treasury or her delegate, in consultation with the Administrator of the Environmental Protection Agency, certifies that, during the period beginning after October 3, 2008, a total of 75,000,000 metric tons of qualified carbon oxide have been taken into account in accordance with (i) section 45Q(a), as in effect on the day before the date of the enactment of BBA, and (ii) section 45Q(a)(1) and (2).

Notice 2022- 38 provided that 2022 was the final calendar year for which a taxpayer may claim a section 45Q credit under section 45Q(a)(1) and (2) for qualified carbon oxide that is captured by carbon capture equipment originally placed in service at a qualified facility before the date of enactment of the BBA. Therefore, the inflation adjustment amounts in section 3 of this notice only apply if a taxpayer elects under section 45Q(b)(3) to apply the dollar amounts applicable under section 45Q(a)(1) or (2) in lieu of the dollar amounts applicable under section 45Q(a)(3) or (4). Because amendments to section 45Q(g) made by section 13104(f) of the IRA eliminated the 75,000,000 metric ton threshold beginning January 1, 2023, this notice obsoletes Notice 2009-

83, 2009-2 C.B. 588. Sections 1 through 5 of Notice 2009-83 were previously obsoleted by the final regulations for section 45Q, T.D. 9944, 86 FR 4728 (January 15, 2021). This notice also obsoletes Notice 2011-25, 2011-1 C.B. 604, which modified section 4 of Notice 2009-83.

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