Direct Pay Pre-Registration Requirements:
A Step-by-Step Guide

Introduction

Thanks to the Inflation Reduction Act (IRA), tax-exempt eligible entities like towns, schools, houses of worship, and more can get tax-free, cash payments ("Direct Pay") from the government for sustainable energy projects.

The Internal Revenue Service (IRS) recently opened the **portal for the pre-registration step** that must be fulfilled before applying directly to the IRS for the Direct Pay tax credits. This is a step-by-step guide on pre-registering your Direct Pay project to get the tax credit when you file your tax return.

What is IRS Pre-Registration?

An eligible **entity** must **complete** IRS's pre-registration to help streamline the process during regular filing. After completing the pre-registration process, eligible entities, such as states, local governments, non-profits, tribal entities, and more, will receive a **registration** number used on the taxpayer's annual return to get the Direct Pay tax credit. The IRS has recommended beginning pre-registration once a project has been placed in service, meaning electricity is being produced or the electric charger is installed and ready to charge vehicles.

When should I Pre-Register?

In general, you should pre-register:

- No earlier than the beginning of the tax period when you earn the credit. For example, if you do a project in 2024, you should only pre-register in the 2025 tax filing season.

- After placing an investment property or production facility in service, electricity is produced, or the electric charger is installed and ready to charge vehicles.

STEP-BY-STEP GUIDE TO PRE-REGISTRATION

Step 1: Complete the project(s) and place it/them in service. You will need the date your project was "placed in service", which means an EV charger ready to charge vehicles or a solar panel pumping electricity onto the grid, for example.[1]

Step 2: Collect the required information you will need to pre-register.

- **Why?** The IRS needs to know a few things about your project to complete pre-registration.

- **What?** Below is a list of things you will be asked during pre-registration to answer about each project:

Data	Meaning
Tax period for the project	Month and year when the project will be "placed into service".
Employee Identification Number (EIN)	You must provide the EIN issued to your organization.[2]
Name associated with the EIN	The name as it appears on your annual or periodic tax or information filings with the IRS.
Registrant Type	Tribes, State and local government entities should select "nonprofit" until the IRS updates the portal to reflect these types of government entity types.
Registrant's Address	Your Organization's Address as it appears on your annual or periodic tax or information filings with the IRS.
Registrant's Banking Information	Your Organization's Bank Account and Routing Number.
Registrant's IRS returns for the past two years	In most cases, this will be your organizations' past two 990-T forms.
Type of credit	The Investment and Production Tax Credits are IRA Credits in Section 45.

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[1] According to the IRS, "Placed in Service" means that eligible property is "first placed in a condition or state of readiness and availability for a specifically assigned function".
[2] Your Employee Identification Number (EIN) is listed on bc your 990-T Form. You can learn more about EINs in IRS Publication 1635, available at https://www.irs.gov/pub/irs-pdf/p1635.pdf.

Step 3: Pre-register each project at the IRS portal.

Once you have gathered the required information as listed above, it is now time to pre-register to obtain the necessary registration number needed to fill out the forms to receive Direct Pay tax credits.

Visit www.IRS.gov/EPTRegister and follow the on-screen directions. This video shows you a step-by-step process of how to fill out the pre-registration form. In general, the steps are:

1. Navigate to www.IRS.gov/EPTRegister
2. Sign in with ID.me or create an account
3. Complete the organization authorization steps
4. Register your intent to collect Direct Pay tax credits
5. Move to the credit selection module
6. Submit your registration package

You must pre-register, and obtain a separate registration number for each project site for which you intend to make an elective payment election. The registration numbers required depend on how many applicable credit properties will generate those credits. For example, if you are installing EV charging stations at five different sites, you will also need five registration numbers.

Be careful! Suppose you need to update or change your pre-registration package. In that case, you will have to wait until after you receive your initial pre-registration response from the IRS to resubmit your pre-registration package for further review.

Step 4: Receive your Registration Number(s) from the IRS. Stay patient. The IRS says it may take them up to 120 days to complete the pre-registration process before you can file for the Direct Pay credits. Once you have your registration number(s) and your project(s) has/have been placed into service (meaning the solar panel is producing electricity, or the EV charging station is ready to charge electric vehicles), you can file for Direct Pay!

Step 5: Tell the IRS what your experience was like with pre-registration. The IRS says it "welcomes comments regarding users' experiences with this new process and technology. Please send comments to irs.elective.payment.or.transfer.of.credit@irs.gov." The IRS notes, however, that "this email address accepts comments only and is not a forum to obtain assistance with use of the tool." Should you need additional assistance, feel free to reach out to the CPC Center at directpay@progressivecaucuscenter.org or see the Inflation Reduction Act & Direct Pay Resource List at the end of this page.

Step 6: File your taxes and receive Direct Pay tax credits. We are waiting to hear more from the IRS about how entities will ultimately file to receive this credit. The soonest anyone will receive any Direct Pay funding is April 2024.

Step 7: Stay in touch and share your success stories.

- **Don't miss any updates**: Sign up here to join the CPC Center's listserv for updates on Direct Pay. Check www.progressivecaucuscenter.org/direct-pay often to ensure you don't miss any crucial updates!

- **Tout Your Progress**: Share your wins and lessons learned in implementing your project design with high-road labor standards. Email us at directpay@progressivecaucuscenter.org.

Find more information in our
[Inflation Reduction Act & Direct Pay Resource List]