

1 (2) *APPLICABLE PERCENTAGE.*—Section 1202(a)
 2 is amended by adding at the end the following new
 3 paragraph:

4 “(5) *APPLICABLE PERCENTAGE.*—The applicable
 5 percentage under paragraph (1) shall be determined
 6 under the following table:

| <i>“Years stock held:</i> | <i>Applicable percentage:</i> |
|----------------------------------|------------------------------------------|
| 3 years | 50% |
| 4 years | 75% |
| 5 years or more | 100%”. |

7 (3) *APPLICABLE DATE; ACQUISITION DATE.*—Sec-
 8 tion 1202(a), as amended by paragraph (2), is
 9 amended by adding at the end the following new
 10 paragraph:

11 “(6) *APPLICABLE DATE; ACQUISITION DATE.*—
 12 For purposes of this section—

13 “(A) *APPLICABLE DATE.*—The term ‘appli-
 14 cable date’ means the date of the enactment of
 15 this paragraph.

16 “(B) *ACQUISITION DATE.*—In the case of
 17 any stock which would (but for this paragraph)
 18 be treated as having been acquired before, on, or
 19 after the applicable date, whichever is applicable,
 20 the acquisition date for purposes of this section
 21 shall be the first day on which such stock was

1 *held by the taxpayer determined after the appli-*
 2 *cation of section 1223.”.*

3 (4) *CONTINUED TREATMENT AS NOT ITEM OF*
 4 *TAX PREFERENCE.—*

5 (A) *IN GENERAL.—*Section 57(a)(7) *is*
 6 *amended by striking “An amount” and inserting*
 7 *“In the case of stock acquired on or before the*
 8 *date of the enactment of the Creating Small*
 9 *Business Jobs Act of 2010, an amount”.*

10 (B) *CONFORMING AMENDMENT.—*Section
 11 *1202(a)(4) is amended—*

12 (i) *by striking “, and” at the end of*
 13 *subparagraph (B) and inserting a period,*
 14 *and*

15 (ii) *by striking subparagraph (C).*

16 (5) *OTHER CONFORMING AMENDMENTS.—*

17 (A) *Paragraphs (3)(A) and (4)(A) of section*
 18 *1202(a) are each amended by striking “para-*
 19 *graph (1)” and inserting “paragraph (1)(A)”.*

20 (B) *Paragraph (4)(A) of section 1202(a) is*
 21 *amended by inserting “and on or before the ap-*
 22 *plicable date” after “2010”.*

23 (C) *Sections 1202(b)(2), 1202(g)(2)(A), and*
 24 *1202(j)(1)(A) are each amended by striking*
 25 *“more than 5 years” and inserting “at least 3*

years (more than 5 years in the case of stock acquired on or before the applicable date)’’.

(6) *EFFECTIVE DATES.*—

(A) *IN GENERAL.*—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.

(B) *CONTINUED TREATMENT AS NOT ITEM OF TAX PREFERENCE.*—The amendments made by paragraph (4) shall take effect as if included in the enactment of section 2011 of the Creating Small Business Jobs Act of 2010.

(b) *INCREASE IN PER ISSUER LIMITATION.*—

(1) *IN GENERAL.*—Subparagraph (A) of section 1202(b)(1) is amended to read as follows:

“(A) the applicable dollar limit for the taxable year, or”.

(2) *APPLICABLE DOLLAR LIMIT.*—Section 1202(b) is amended by adding at the end the following:

“(4) *APPLICABLE DOLLAR LIMIT.*—For purposes of paragraph (1)(A), the applicable dollar limit for any taxable year with respect to eligible gain from 1 or more dispositions by a taxpayer of qualified business stock of a corporation is—

1 “(A) if such stock was acquired by the tax-
2 payer on or before the applicable date,
3 \$10,000,000, reduced by the aggregate amount of
4 eligible gain taken into account by the taxpayer
5 under subsection (a) for prior taxable years and
6 attributable to dispositions of stock issued by
7 such corporation and acquired by the taxpayer
8 before, on, or after the applicable date, and

9 “(B) if such stock was acquired by the tax-
10 payer after the applicable date, \$15,000,000, re-
11 duced by the sum of—

12 “(i) the aggregate amount of eligible
13 gain taken into account by the taxpayer
14 under subsection (a) for prior taxable years
15 and attributable to dispositions of stock
16 issued by such corporation and acquired by
17 the taxpayer before, on, or after the applica-
18 ble date, plus

19 “(ii) the aggregate amount of eligible
20 gain taken into account by the taxpayer
21 under subsection (a) for the taxable year
22 and attributable to dispositions of stock
23 issued by such corporation and acquired by
24 the taxpayer on or before the applicable
25 date.

1 “(5) *INFLATION ADJUSTMENT.*—

2 “(A) *IN GENERAL.*—*In the case of any tax-*
 3 *able year beginning after 2026, the \$15,000,000*
 4 *amount in paragraph (4)(B) shall be increased*
 5 *by an amount equal to —*

6 “(i) *such dollar amount, multiplied by*

7 “(ii) *the cost-of-living adjustment de-*
 8 *termined under section 1(f)(3) for the cal-*
 9 *endar year in which the taxable year be-*
 10 *gins, determined by substituting ‘calendar*
 11 *year 2025’ for ‘calendar year 2016’ in sub-*
 12 *paragraph (A)(ii) thereof.*

13 *If any increase under this subparagraph is not*
 14 *a multiple of \$10,000, such increase shall be*
 15 *rounded to the nearest multiple of \$10,000.*

16 “(B) *NO INCREASE ONCE LIMIT*
 17 *REACHED.*—*If, for any taxable year, the eligible*
 18 *gain attributable to dispositions of stock issued*
 19 *by a corporation and acquired by the taxpayer*
 20 *after the applicable date exceeds the applicable*
 21 *dollar limit, then notwithstanding any increase*
 22 *under subparagraph (A) for any subsequent tax-*
 23 *able year, the applicable dollar limit for such*
 24 *subsequent taxable year shall be zero.”.*

1 (3) *SEPARATE RETURNS.*—Subparagraph (A) of
 2 section 1202(b)(3) is amended to read as follows:

3 “(A) *SEPARATE RETURNS.*—In the case of a
 4 separate return by a married individual for any
 5 taxable year—

6 “(i) paragraph (4)(A) shall be applied
 7 by substituting ‘\$5,000,000’ for
 8 ‘\$10,000,000’, and

9 “(ii) paragraph (4)(B) shall be applied
 10 by substituting one-half of the dollar
 11 amount in effect under such paragraph for
 12 the taxable year for the amount so in ef-
 13 fect.”.

14 (4) *EFFECTIVE DATE.*—The amendments made
 15 by this subsection shall apply to taxable years begin-
 16 ning after the date of the enactment of this Act.

17 (c) *INCREASE IN LIMIT IN AGGREGATE GROSS AS-*
 18 *SETS.*—

19 (1) *IN GENERAL.*—Subparagraphs (A) and (B)
 20 of section 1202(d)(1) are each amended by striking
 21 “\$50,000,000” and inserting “\$75,000,000”.

22 (2) *INFLATION ADJUSTMENT.*—Section 1202(b) is
 23 amended by adding at the end the following:

24 “(4) *INFLATION ADJUSTMENT.*—In the case of
 25 any taxable year beginning after 2026, the

1 \$75,000,000 amounts in paragraphs (1)(A) and
 2 (1)(B) shall each be increased by an amount equal
 3 to—

4 “(A) such dollar amount, multiplied by
 5 “(B) the cost-of-living adjustment deter-
 6 mined under section 1(f)(3) for the calendar year
 7 in which the taxable year begins, determined by
 8 substituting ‘calendar year 2025’ for ‘calendar
 9 year 2016’ in subparagraph (A)(ii) thereof.

10 If any increase under this paragraph is not a mul-
 11 tiple of \$10,000, such increase shall be rounded to the
 12 nearest multiple of \$10,000.”.

13 (3) *EFFECTIVE DATE.*—The amendments made
 14 by this subsection shall apply to stock issued after the
 15 date of the enactment of this Act.

16 **SEC. 70432. REPEAL OF REVISION TO DE MINIMIS RULES**
 17 **FOR THIRD PARTY NETWORK TRANSACTIONS.**

18 (a) *REINSTATEMENT OF EXCEPTION FOR DE MINIMIS*
 19 *PAYMENTS AS IN EFFECT PRIOR TO ENACTMENT OF AMER-*
 20 *ICAN RESCUE PLAN ACT OF 2021.*—

21 (1) *IN GENERAL.*—Section 6050W(e) is amended
 22 to read as follows:

23 “(e) *EXCEPTION FOR DE MINIMIS PAYMENTS BY*
 24 *THIRD PARTY SETTLEMENT ORGANIZATIONS.*—A third
 25 party settlement organization shall be required to report

1 *any information under subsection (a) with respect to third*
 2 *party network transactions of any participating payee only*
 3 *if—*

4 “(1) *the amount which would otherwise be re-*
 5 *ported under subsection (a)(2) with respect to such*
 6 *transactions exceeds \$20,000, and*

7 “(2) *the aggregate number of such transactions*
 8 *exceeds 200.”.*

9 (2) *EFFECTIVE DATE.—The amendment made by*
 10 *this subsection shall take effect as if included in sec-*
 11 *tion 9674 of the American Rescue Plan Act.*

12 (b) *APPLICATION OF DE MINIMIS RULE FOR THIRD*
 13 *PARTY NETWORK TRANSACTIONS TO BACKUP WITH-*
 14 *HOLDING.—*

15 (1) *IN GENERAL.—Section 3406(b) is amended*
 16 *by adding at the end the following new paragraph:*

17 “(8) *OTHER REPORTABLE PAYMENTS INCLUDE*
 18 *PAYMENTS IN SETTLEMENT OF THIRD PARTY NET-*
 19 *WORK TRANSACTIONS ONLY WHERE AGGREGATE*
 20 *TRANSACTIONS EXCEED REPORTING THRESHOLD FOR*
 21 *THE CALENDAR YEAR.—*

22 “(A) *IN GENERAL.—Any payment in settle-*
 23 *ment of a third party network transaction re-*
 24 *quired to be shown on a return required under*
 25 *section 6050W which is made during any cal-*

endar year shall be treated as a reportable payment only if—

“(i) the aggregate number of transactions with respect to the participating payee during such calendar year exceeds the number of transactions specified in section 6050W(e)(2), and

“(ii) the aggregate amount of transactions with respect to the participating payee during such calendar year exceeds the dollar amount specified in section 6050W(e)(1) at the time of such payment.

“(B) EXCEPTION IF THIRD PARTY NETWORK TRANSACTIONS MADE IN PRIOR YEAR WERE REPORTABLE.—Subparagraph (A) shall not apply with respect to payments to any participating payee during any calendar year if one or more payments in settlement of third party network transactions made by the payor to the participating payee during the preceding calendar year were reportable payments.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to calendar years beginning after December 31, 2024.

1 **SEC. 70433. INCREASE IN THRESHOLD FOR REQUIRING IN-**
 2 **FORMATION REPORTING WITH RESPECT TO**
 3 **CERTAIN PAYEES.**

4 (a) *IN GENERAL.*—Section 6041(a) is amended by
 5 striking “\$600” and inserting “\$2,000”.

6 (b) *INFLATION ADJUSTMENT.*—Section 6041 is amend-
 7 ed by adding at the end the following new subsection:

8 “(h) *INFLATION ADJUSTMENT.*—In the case of any cal-
 9 endar year after 2026, the dollar amount in subsection (a)
 10 shall be increased by an amount equal to—

11 “(1) such dollar amount, multiplied by
 12 “(2) the cost-of-living adjustment determined
 13 under section 1(f)(3) for such calendar year, deter-
 14 mined by substituting ‘calendar year 2025’ for ‘cal-
 15 endar year 2016’ in subparagraph (A)(ii) thereof.

16 If any increase under the preceding sentence is not a mul-
 17 tiple of \$100, such increase shall be rounded to the nearest
 18 multiple of \$100.”.

19 (c) *APPLICATION TO REPORTING ON REMUNERATION*
 20 *FOR SERVICES.*—Section 6041A(a)(2) is amended by strik-
 21 ing “is \$600 or more” and inserting “equals or exceeds the
 22 dollar amount in effect for such calendar year under section
 23 6041(a)”.

24 (d) *APPLICATION TO BACKUP WITHHOLDING.*—Sec-
 25 tion 3406(b)(6) is amended—

1 (1) by striking “\$600” in subparagraph (A) and
 2 inserting “the dollar amount in effect for such cal-
 3 endar year under section 6041(a)”, and

4 (2) by striking “ONLY WHERE AGGREGATE FOR
 5 CALENDAR YEAR IS \$600 OR MORE” in the heading
 6 and inserting “ONLY WHERE IN EXCESS OF
 7 THRESHOLD”.

8 (e) CONFORMING AMENDMENTS.—

9 (1) The heading of section 6041(a) is amended
 10 by striking “OF \$600 OR MORE” and inserting “EX-
 11 CEEDING THRESHOLD”.

12 (2) Section 6041(a) is amended by striking “tax-
 13 able year” and inserting “calendar year”.

14 (f) EFFECTIVE DATE.—The amendments made by this
 15 section shall apply with respect to payments made after De-
 16 cember 31, 2025.

17 **SEC. 70434. TREATMENT OF CERTAIN QUALIFIED SOUND**
 18 **RECORDING PRODUCTIONS.**

19 (a) ELECTION TO TREAT COSTS AS EXPENSES.—Sec-
 20 tion 181(a)(1) is amended by striking “qualified film or
 21 television production, and any qualified live theatrical pro-
 22 duction,” and inserting “qualified film or television pro-
 23 duction, any qualified live theatrical production, and any
 24 qualified sound recording production”.

1 (b) *DOLLAR LIMITATION.*—Section 181(a)(2) is
 2 amended by adding at the end the following new subpara-
 3 graph:

4 “(C) *QUALIFIED SOUND RECORDING PRO-*
 5 *DUCTION.*—Paragraph (1) shall not apply to so
 6 much of the aggregate cost of any qualified sound
 7 recording production, or to so much of the aggre-
 8 gate, cumulative cost of all such qualified sound
 9 recording productions in the taxable year, as ex-
 10 ceeds \$150,000.”.

11 (c) *NO OTHER DEDUCTION OR AMORTIZATION DEDUC-*
 12 *TION ALLOWABLE.*—Section 181(b) is amended by striking
 13 “qualified film or television production or any qualified
 14 live theatrical production” and inserting “qualified film or
 15 television production, any qualified live theatrical produc-
 16 tion, or any qualified sound recording production”.

17 (d) *ELECTION.*—Section 181(c)(1) is amended by
 18 striking “qualified film or television production or any
 19 qualified live theatrical production” and inserting “quali-
 20 fied film or television production, any qualified live theat-
 21 rical production, or any qualified sound recording produc-
 22 tion”.

23 (e) *QUALIFIED SOUND RECORDING PRODUCTION DE-*
 24 *FINED.*—Section 181 is amended by redesignating sub-
 25 sections (f) and (g) as subsections (g) and (h), respectively,

1 *and by inserting after subsection (e) the following new sub-*
 2 *section:*

3 “(f) *QUALIFIED SOUND RECORDING PRODUCTION.*—
 4 *For purposes of this section, the term ‘qualified sound re-*
 5 *cording production’ means a sound recording (as defined*
 6 *in section 101 of title 17, United States Code) produced*
 7 *and recorded in the United States.”.*

8 (f) *APPLICATION OF TERMINATION.*—Section 181(h),
 9 *as redesignated by subsection (e), is amended by striking*
 10 *“qualified film and television productions or qualified live*
 11 *theatrical productions” and inserting “qualified film and*
 12 *television productions, qualified live theatrical productions,*
 13 *or qualified sound recording productions”.*

14 (g) *BONUS DEPRECIATION.*—

15 (1) *QUALIFIED SOUND RECORDING PRODUCTION*
 16 *AS QUALIFIED PROPERTY.*—Section 168(k)(2)(A)(i) *is*
 17 *amended—*

18 (A) *by striking “or” at the end of subclause*
 19 *(IV), by inserting “or” at the end of subclause*
 20 *(V), and by inserting after subclause (V) the fol-*
 21 *lowing:*

22 “(VI) *which is a qualified sound*
 23 *recording production (as defined in*
 24 *subsection (f) of section 181) for which*
 25 *a deduction would have been allowable*

1 under section 181 without regard to
2 subsections (a)(2) and (h) of such sec-
3 tion or this subsection, and”, and

4 (B) in subclauses (IV) and (V) (as so
5 amended) by striking “without regard to sub-
6 sections (a)(2) and (g)” both places it appears
7 and inserting “without regard to subsections
8 (a)(2) and (h)”.

9 (2) *PRODUCTION PLACED IN SERVICE.*—Section
10 168(k)(2)(H) is amended by striking “and” at the
11 end of clause (i), by striking the period at the end of
12 clause (ii) and inserting “, and”, and by adding after
13 clause (ii) the following:

14 “(iii) a qualified sound recording pro-
15 duction shall be considered to be placed in
16 service at the time of initial release or
17 broadcast.”.

18 (h) *CONFORMING AMENDMENTS.*—

19 (1) The heading for section 181 is amended to
20 read as follows: “**TREATMENT OF CERTAIN**
21 **QUALIFIED PRODUCTIONS.**”.

22 (2) The table of sections for part VI of sub-
23 chapter B of chapter 1 is amended by striking the
24 item relating to section 181 and inserting the fol-
25 lowing new item:

“Sec. 181. *Treatment of certain qualified productions.*”.

1 (i) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to productions commencing in taxable*
 3 *years ending after the date of the enactment of this Act.*

4 **SEC. 70435. EXCLUSION OF INTEREST ON LOANS SECURED**
 5 **BY RURAL OR AGRICULTURAL REAL PROP-**
 6 **ERTY.**

7 (a) *IN GENERAL.*—*Part III of subchapter B of chapter*
 8 *1, as amended by the preceding provisions of this Act, is*
 9 *amended by inserting after section 139K the following new*
 10 *section:*

11 **“SEC. 139L. INTEREST ON LOANS SECURED BY RURAL OR**
 12 **AGRICULTURAL REAL PROPERTY.**

13 “(a) *IN GENERAL.*—*Gross income shall not include 25*
 14 *percent of the interest received by a qualified lender on any*
 15 *qualified real estate loan.*

16 “(b) *QUALIFIED LENDER.*—*For purposes of this sec-*
 17 *tion, the term ‘qualified lender’ means—*

18 “(1) *any bank or savings association the deposits*
 19 *of which are insured under the Federal Deposit Insur-*
 20 *ance Act (12 U.S.C. 1811 et seq.),*

21 “(2) *any State- or federally-regulated insurance*
 22 *company,*

23 “(3) *any entity wholly owned, directly or indi-*
 24 *rectly, by a company that is treated as a bank hold-*

1 *ing company for purposes of section 8 of the Inter-*
 2 *national Banking Act of 1978 (12 U.S.C. 3106) if—*

3 *“(A) such entity is organized, incorporated,*
 4 *or established under the laws of the United*
 5 *States or any State, and*

6 *“(B) the principal place of business of such*
 7 *entity is in the United States (including any*
 8 *territory of the United States),*

9 *“(4) any entity wholly owned, directly or indi-*
 10 *rectly, by a company that is considered an insurance*
 11 *holding company under the laws of any State if such*
 12 *entity satisfies the requirements described in subpara-*
 13 *graphs (A) and (B) of paragraph (3), and*

14 *“(5) with respect to interest received on a quali-*
 15 *fied real estate loan secured by real estate described*
 16 *in subsection (c)(3)(A), any federally chartered in-*
 17 *strumentality of the United States established under*
 18 *section 8.1(a) of the Farm Credit Act of 1971 (12*
 19 *U.S.C. 2279aa-1(a)).*

20 *“(c) QUALIFIED REAL ESTATE LOAN.—For purposes*
 21 *of this section—*

22 *“(1) IN GENERAL.—The term ‘qualified real es-*
 23 *tate loan’ means any loan—*

24 *“(A) secured by—*

1 “(i) rural or agricultural real estate,
2 or

3 “(ii) a leasehold mortgage (with a sta-
4 tus as a lien) on rural or agricultural real
5 estate,

6 “(B) made to a person other than a speci-
7 fied foreign entity (as defined in section
8 7701(a)(51)), and

9 “(C) made after the date of the enactment
10 of this section.

11 *For purposes of the preceding sentence, the determina-*
12 *tion of whether property securing such loan is rural*
13 *or agricultural real estate shall be made as of the time*
14 *the interest income on such loan is accrued.*

15 “(2) *REFINANCINGS.*—*For purposes of subpara-*
16 *graphs (A) and (C) of paragraph (1), a loan shall not*
17 *be treated as made after the date of the enactment of*
18 *this section to the extent that the proceeds of such loan*
19 *are used to refinance a loan which was made on or*
20 *before the date of the enactment of this section (or, in*
21 *the case of any series of refinancings, the original*
22 *loan was made on or before such date).*

23 “(3) *RURAL OR AGRICULTURAL REAL ESTATE.*—
24 *The term ‘rural or agricultural real estate’ means—*

1 “(A) any real property which is substan-
 2 tially used for the production of one or more ag-
 3 ricultural products,

4 “(B) any real property which is substan-
 5 tially used in the trade or business of fishing or
 6 seafood processing, and

7 “(C) any aquaculture facility.

8 Such term shall not include any property which is
 9 not located in a State or a possession of the United
 10 States.

11 “(4) AQUACULTURE FACILITY.—The term ‘aqua-
 12 culture facility’ means any land, structure, or other
 13 appurtenance that is used for aquaculture (including
 14 any hatchery, rearing pond, raceway, pen, or incu-
 15 bator).

16 “(d) COORDINATION WITH SECTION 265.—In the case
 17 of any qualified real estate loan, section 265 shall be ap-
 18 plied—

19 “(1) by treating any qualified real estate loan
 20 for purposes of subsection (a)(2) thereof as an obliga-
 21 tion the interest on which is wholly exempt from the
 22 taxes imposed by this subtitle,

23 “(2) by substituting ‘25 percent of the interest on
 24 indebtedness’ for ‘Interest on indebtedness’ in such
 25 subsection (a)(2),

1 “(3) by treating 25 percent of the adjusted basis
 2 of any qualified real estate loan as adjusted basis of
 3 a tax-exempt obligation described in subsection
 4 (b)(4)(B) thereof, and

5 “(4) by substituting ‘25 percent of the amount of
 6 such indebtedness’ for ‘the amount of such indebted-
 7 ness’ in subsection (b)(6)(A)(a)(ii) thereof.”.

8 (b) *CLERICAL AMENDMENT.*—The table of sections for
 9 part III of subchapter B of chapter 1, as amended by the
 10 preceding provisions of this Act, is amended by inserting
 11 after the item relating to section 139K the following new
 12 item:

“Sec. 139L. Interest on loans secured by rural or agricultural real property.”.

13 (c) *EFFECTIVE DATE.*—The amendments made by this
 14 section shall apply to taxable years ending after the date
 15 of the enactment of this Act.

16 **SEC. 70436. REDUCTION OF TRANSFER AND MANUFAC-**
 17 **TURING TAXES FOR CERTAIN DEVICES.**

18 (a) *TRANSFER TAX.*—Section 5811(a) is amended to
 19 read as follows:

20 “(a) *RATE.*—There shall be levied, collected, and paid
 21 on firearms transferred a tax at the rate of—

22 “(1) \$200 for each firearm transferred in the
 23 case of a machinegun or a destructive device, and

24 “(2) \$0 for any firearm transferred which is not
 25 described in paragraph (1).”.

1 (b) *MAKING TAX.*—Section 5821(a) is amended to read
2 *as follows:*

3 “(a) *RATE.*—There shall be levied, collected, and paid
4 *upon the making of a firearm a tax at the rate of—*

5 “(1) \$200 for each firearm made in the case of
6 *a machinegun or a destructive device, and*

7 “(2) \$0 for any firearm made which is not de-
8 *scribed in paragraph (1).”.*

9 (c) *CONFORMING AMENDMENT.*—Section 4182(a) is
10 *amended by adding at the end the following: “For purposes*
11 *of the preceding sentence, any firearm described in section*
12 *5811(a)(2) shall be deemed to be a firearm on which the*
13 *tax provided by section 5811 has been paid.”*

14 (d) *EFFECTIVE DATE.*—The amendments made by this
15 *section shall apply to calendar quarters beginning more*
16 *than 90 days after the date of the enactment of this Act.*

17 **SEC. 70437. TREATMENT OF CAPITAL GAINS FROM THE**
18 **SALE OF CERTAIN FARMLAND PROPERTY.**

19 (a) *IN GENERAL.*—Part IV of subchapter O of chapter
20 *1 is amended by redesignating section 1062 as section 1063*
21 *and by inserting after section 1061 the following new sec-*
22 *tion:*

1 **“SEC. 1062. GAIN FROM THE SALE OR EXCHANGE OF QUALI-**
 2 **FIED FARMLAND PROPERTY TO QUALIFIED**
 3 **FARMERS.**

4 “(a) *ELECTION TO PAY TAX IN INSTALLMENTS.*—*In*
 5 *the case of gain from the sale or exchange of qualified farm-*
 6 *land property to a qualified farmer, at the election of the*
 7 *taxpayer, the portion of the net income tax of such taxpayer*
 8 *for the taxable year of the sale or exchange which is equal*
 9 *to the applicable net tax liability shall be paid in 4 equal*
 10 *installments.*

11 “(b) *RULES RELATING TO INSTALLMENT PAY-*
 12 *MENTS.*—

13 “(1) *DATE FOR PAYMENT OF INSTALLMENTS.*—*If*
 14 *an election is made under subsection (a), the first in-*
 15 *stallment shall be paid on the due date (determined*
 16 *without regard to any extension of time for filing the*
 17 *return) for the return of tax for the taxable year in*
 18 *which the sale or exchange occurs and each succeeding*
 19 *installment shall be paid on the due date (as so deter-*
 20 *mined) for the return of tax for the taxable year fol-*
 21 *lowing the taxable year with respect to which the pre-*
 22 *ceding installment was made.*

23 “(2) *ACCELERATION OF PAYMENT.*—

24 “(A) *IN GENERAL.*—*If there is an addition*
 25 *to tax for failure to timely pay any installment*
 26 *required under this section, then the unpaid por-*

1 *tion of all remaining installments shall be due*
 2 *on the date of such failure.*

3 “(B) *INDIVIDUALS.*—*In the case of an indi-*
 4 *vidual, if the individual dies, then the unpaid*
 5 *portion of all remaining installment shall be*
 6 *paid on the due date for the return of tax for the*
 7 *taxable year in which the taxpayer dies.*

8 “(C) *C CORPORATIONS.*—*In the case of a*
 9 *taxpayer which is a C corporation, trust, or es-*
 10 *tate, if there is a liquidation or sale of substan-*
 11 *tially all the assets of the taxpayer (including in*
 12 *a title 11 or similar case), a cessation of business*
 13 *by the taxpayer (in the case of a C corporation),*
 14 *or any similar circumstance, then the unpaid*
 15 *portion of all remaining installments shall be*
 16 *due on the date of such event (or in the case of*
 17 *a title 11 or similar case, the day before the peti-*
 18 *tion is filed). The preceding sentence shall not*
 19 *apply to the sale of substantially all the assets of*
 20 *a taxpayer to a buyer if such buyer enters into*
 21 *an agreement with the Secretary under which*
 22 *such buyer is liable for the remaining install-*
 23 *ments due under this subsection in the same*
 24 *manner as if such buyer were the taxpayer.*

1 “(3) *PRORATION OF DEFICIENCY TO INSTALL-*
2 *MENTS.—If an election is made under subsection (a)*
3 *to pay the applicable net tax liability in installments*
4 *and a deficiency has been assessed with respect to*
5 *such applicable net tax liability, the deficiency shall*
6 *be prorated to the installments payable under sub-*
7 *section (a). The part of the deficiency so prorated to*
8 *any installment the date for payment of which has*
9 *not arrived shall be collected at the same time as, and*
10 *as a part of, such installment. The part of the defi-*
11 *ciency so prorated to any installment the date for*
12 *payment of which has arrived shall be paid upon no-*
13 *tice and demand from the Secretary. This section*
14 *shall not apply if the deficiency is due to negligence,*
15 *to intentional disregard of rules and regulations, or*
16 *to fraud with intent to evade tax.*

17 “(c) *ELECTION.—*

18 “(1) *IN GENERAL.—Any election under sub-*
19 *section (a) shall be made not later than the due date*
20 *for the return of tax for the taxable year described in*
21 *subsection (a).*

22 “(2) *PARTNERSHIPS AND S CORPORATIONS.—In*
23 *the case of a sale or exchange described in subsection*
24 *(a) by a partnership or S corporation, the election*
25 *under subsection (a) shall be made at the partner or*

1 *shareholder level. The Secretary may prescribe such*
 2 *regulations or other guidance as necessary to carry*
 3 *out the purposes of this paragraph.*

4 “(d) *DEFINITIONS.—For purposes of this section—*

5 “(1) *APPLICABLE NET TAX LIABILITY.—*

6 “(A) *IN GENERAL.—The applicable net tax*
 7 *liability with respect to the sale or exchange of*
 8 *any property described in subsection (a) is the*
 9 *excess (if any) of—*

10 “(i) *such taxpayer’s net income tax for*
 11 *the taxable year, over*

12 “(ii) *such taxpayer’s net income tax*
 13 *for such taxable year determined without re-*
 14 *gard to any gain recognized from the sale or*
 15 *exchange of such property.*

16 “(B) *NET INCOME TAX.—The term ‘net in-*
 17 *come tax’ means the regular tax liability reduced*
 18 *by the credits allowed under subparts A, B, and*
 19 *D of part IV of subchapter A.*

20 “(2) *QUALIFIED FARMLAND PROPERTY.—*

21 “(A) *IN GENERAL.—The term ‘qualified*
 22 *farmland property’ means real property located*
 23 *in the United States—*

24 “(i) *which—*

1 “(I) *has been used by the taxpayer*
 2 *as a farm for farming purposes, or*

3 “(II) *leased by the taxpayer to a*
 4 *qualified farmer for farming purposes,*
 5 *during substantially all of the 10-year pe-*
 6 *riod ending on the date of the qualified sale*
 7 *or exchange, and*

8 “(ii) *which is subject to a covenant or*
 9 *other legally enforceable restriction which*
 10 *prohibits the use of such property other*
 11 *than as a farm for farming purposes for*
 12 *any period before the date that is 10 years*
 13 *after the date of the sale or exchange de-*
 14 *scribed in subsection (a).*

15 *For purposes of clause (i), property which is*
 16 *used or leased by a partnership or S corporation*
 17 *in a manner described in such clause shall be*
 18 *treated as used or leased in such manner by each*
 19 *person who holds a direct or indirect interest in*
 20 *such partnership or S corporation.*

21 “(B) *FARM; FARMING PURPOSES.—The*
 22 *terms ‘farm’ and ‘farming purposes’ have the re-*
 23 *spective meanings given such terms under section*
 24 *2032A(e).*

1 “(3) *QUALIFIED FARMER*.—The term ‘qualified
2 farmer’ means any individual who is actively en-
3 gaged in farming (within the meaning of subsections
4 (b) and (c) of section 1001 of the Food Security Act
5 of 1986 (7 U.S.C. 1308–1(b) and (c))).

6 “(e) *RETURN REQUIREMENT*.—A taxpayer making an
7 election under subsection (a) shall include with the return
8 for the taxable year of the sale or exchange described in sub-
9 section (a) a copy of the covenant or other legally enforce-
10 able restriction described in subsection (d)(2)(A)(ii).”.

11 (b) *CLERICAL AMENDMENT*.—The table of sections for
12 part IV of subchapter O of chapter 1 is amended by redesign-
13 ing the item relating to section 1062 as relating to sec-
14 tion 1063 and by inserting after the item relating to section
15 1061 the following new item:

 “Sec. 1062. Gain from the sale or exchange of qualified farmland property to
 qualified farmers.”.

16 (c) *EFFECTIVE DATE*.—The amendments made by this
17 section shall apply to sales or exchanges in taxable years
18 beginning after the date of the enactment of this Act.

19 **SEC. 70438. EXTENSION OF RULES FOR TREATMENT OF**
20 **CERTAIN DISASTER-RELATED PERSONAL CAS-**
21 **UALTY LOSSES.**

22 For purposes of applying section 304(b) of the Tax-
23 payer Certainty and Disaster Tax Relief Act of 2020 (divi-
24 sion EE of Public Law 116–260), section 301 of such Act

1 *shall be applied by substituting the date of the enactment*
 2 *of this section for “the date of the enactment of this Act”*
 3 *each place it appears.*

4 **SEC. 70439. RESTORATION OF TAXABLE REIT SUBSIDIARY**
 5 **ASSET TEST.**

6 (a) *IN GENERAL.*—Section 856(c)(4)(B)(ii) is amend-
 7 *ed by striking “20 percent” and inserting “25 percent”.*

8 (b) *EFFECTIVE DATE.*—The amendment made by this
 9 *section shall apply to taxable years beginning after Decem-*
 10 *ber 31, 2025.*

11 **CHAPTER 5—ENDING GREEN NEW DEAL**
 12 **SPENDING, PROMOTING AMERICA-**
 13 **FIRST ENERGY, AND OTHER REFORMS**
 14 **Subchapter A—Termination of Green New**
 15 **Deal Subsidies**

16 **SEC. 70501. TERMINATION OF PREVIOUSLY-OWNED CLEAN**
 17 **VEHICLE CREDIT.**

18 *Section 25E(g) is amended by striking “December 31,*
 19 *2032” and inserting “September 30, 2025”.*

20 **SEC. 70502. TERMINATION OF CLEAN VEHICLE CREDIT.**

21 (a) *IN GENERAL.*—Section 30D(h) is amended by
 22 *striking “placed in service after December 31, 2032” and*
 23 *inserting “acquired after September 30, 2025”.*

24 (b) *CONFORMING AMENDMENTS.*—Section 30D(e) is
 25 *amended—*

1 (1) in paragraph (1)(B)—

2 (A) in clause (iii), by inserting “and” after
3 the comma at the end,

4 (B) in clause (iv), by striking “, and” and
5 inserting a period, and

6 (C) by striking clause (v), and

7 (2) in paragraph (2)(B)—

8 (A) in clause (ii), by inserting “and” after
9 the comma at the end,

10 (B) in clause (iii), by striking the comma
11 at the end and inserting a period, and

12 (C) by striking clauses (iv) through (vi).

13 **SEC. 70503. TERMINATION OF QUALIFIED COMMERCIAL**
14 **CLEAN VEHICLES CREDIT.**

15 Section 45W(g) is amended by striking “December 31,
16 2032” and inserting “September 30, 2025”.

17 **SEC. 70504. TERMINATION OF ALTERNATIVE FUEL VEHICLE**
18 **REFUELING PROPERTY CREDIT.**

19 Section 30C(i) is amended by striking “December 31,
20 2032” and inserting “June 30, 2026”.

21 **SEC. 70505. TERMINATION OF ENERGY EFFICIENT HOME IM-**
22 **PROVEMENT CREDIT.**

23 (a) *IN GENERAL*.—Section 25C(h) is amended by
24 striking “placed in service” and all that follows through

1 “December 31, 2032” and inserting “placed in service after
2 December 31, 2025”.

3 (b) *CONFORMING AMENDMENT.*—Section 25C(d)(2)(C)
4 is amended to read as follows:

5 “(C) Any oil furnace or hot water boiler
6 which—

7 “(i) meets or exceeds 2021 Energy Star
8 efficiency criteria, and

9 “(ii) is rated by the manufacturer for
10 use with fuel blends at least 20 percent of
11 the volume of which consists of an eligible
12 fuel.”.

13 **SEC. 70506. TERMINATION OF RESIDENTIAL CLEAN ENERGY**
14 **CREDIT.**

15 (a) *IN GENERAL.*—Section 25D(h) is amended by
16 striking “to property placed in service after December 31,
17 2034” and inserting “with respect to any expenditures
18 made after December 31, 2025”.

19 (b) *CONFORMING AMENDMENTS.*—Section 25D(g) is
20 amended—

21 (1) in paragraph (2), by inserting “and” after
22 the comma at the end,

23 (2) in paragraph (3), by striking “ and before
24 January 1, 2033, 30 percent,” and inserting “30 per-
25 cent.”, and

1 (3) by striking paragraphs (4) and (5).

2 **SEC. 70507. TERMINATION OF ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.**

4 Section 179D is amended by adding at the end the following new subsection:

6 “(i) *TERMINATION*.—This section shall not apply with respect to property the construction of which begins after June 30, 2026.”.

9 **SEC. 70508. TERMINATION OF NEW ENERGY EFFICIENT HOME CREDIT.**

11 Section 45L(h) is amended by striking “December 31, 2032” and inserting “June 30, 2026”.

13 **SEC. 70509. TERMINATION OF COST RECOVERY FOR ENERGY PROPERTY.**

15 (a) *ENERGY PROPERTY*.—Section 168(e)(3)(B)(vi), as amended by section 13703 of Public Law 117–169, is amended—

18 (1) by striking subclause (I), and

20 (2) by redesignating subclauses (II) and (III) as subclauses (I) and (II), respectively.

21 (b) *EFFECTIVE DATE*.—The amendments made by subsection (a) shall apply to property the construction of which begins after December 31, 2024.

1 **SEC. 70510. MODIFICATIONS OF ZERO-EMISSION NUCLEAR**
 2 **POWER PRODUCTION CREDIT.**

3 (a) *RESTRICTIONS RELATING TO PROHIBITED FOR-*
 4 *EIGN ENTITIES.*—Section 45U(c) is amended by adding at
 5 *the end the following new paragraph:*

6 “(3) *RESTRICTIONS RELATING TO PROHIBITED*
 7 *FOREIGN ENTITIES.*—

8 “(A) *IN GENERAL.*—No credit shall be deter-
 9 *mined under subsection (a) for any taxable year*
 10 *beginning after the date of enactment of this*
 11 *paragraph if the taxpayer is a specified foreign*
 12 *entity (as defined in section 7701(a)(51)(B)).*

13 “(B) *OTHER PROHIBITED FOREIGN ENTI-*
 14 *TIES.*—No credit shall be determined under sub-
 15 *section (a) for any taxable year beginning after*
 16 *the date which is 2 years after the date of enact-*
 17 *ment of this paragraph if the taxpayer is a for-*
 18 *ign-influenced entity (as defined in section*
 19 *7701(a)(51)(D), without regard to clause (i)(II)*
 20 *thereof).”.*

21 (b) *EFFECTIVE DATE.*—The amendments made by this
 22 *section shall apply to taxable years beginning after the date*
 23 *of enactment of this Act.*

1 **SEC. 70511. TERMINATION OF CLEAN HYDROGEN PRODUC-**
 2 **TION CREDIT.**

3 *Section 45V(c)(3)(C) is amended by striking “January*
 4 *1, 2033” and inserting “January 1, 2028”.*

5 **SEC. 70512. TERMINATION AND RESTRICTIONS ON CLEAN**
 6 **ELECTRICITY PRODUCTION CREDIT.**

7 *(a) TERMINATION FOR WIND AND SOLAR FACILI-*
 8 *TIES.—Section 45Y(d) is amended—*

9 *(1) in paragraph (1), by striking “The amount*
 10 *of” and inserting “Subject to paragraph (4), the*
 11 *amount of”, and*

12 *(2) by striking paragraph (3) and inserting the*
 13 *following new paragraphs:*

14 *“(3) APPLICABLE YEAR.—For purposes of this*
 15 *subsection, the term ‘applicable year’ means calendar*
 16 *year 2032.*

17 *“(4) TERMINATION FOR WIND AND SOLAR FACILI-*
 18 *TIES.—*

19 *“(A) IN GENERAL.—This section shall not*
 20 *apply with respect to any applicable facility*
 21 *placed in service after December 31, 2027.*

22 *“(B) APPLICABLE FACILITY.—For purposes*
 23 *of this paragraph, the term ‘applicable facility’*
 24 *means a qualified facility which—*

25 *“(i) uses wind to produce electricity*
 26 *(within the meaning of such term as used*

in section 45(d)(1), as determined without regard to any requirement under such section with respect to the date on which construction of property begins), or

“(ii) uses solar energy to produce electricity (within the meaning of such term as used in section 45(d)(4), as determined without regard to any requirement under such section with respect to the date on which construction of property begins).”.

(b) *RESTRICTIONS RELATING TO PROHIBITED FOREIGN ENTITIES.*—Section 45Y is amended—

(1) in subsection (b)(1), by adding at the end the following new subparagraph:

“(E) *MATERIAL ASSISTANCE FROM PROHIBITED FOREIGN ENTITIES.*—The term ‘qualified facility’ shall not include any facility for which construction begins after December 31, 2025, if the construction of such facility includes any material assistance from a prohibited foreign entity (as defined in section 7701(a)(52)).”, and

(2) in subsection (g), by adding at the end the following new paragraph:

“(13) *RESTRICTIONS RELATING TO PROHIBITED FOREIGN ENTITIES.*—

1 “(A) *IN GENERAL*.—No credit shall be deter-
 2 mined under subsection (a) for any taxable year
 3 if the taxpayer is—

4 “(i) a specified foreign entity (as de-
 5 fined in section 7701(a)(51)(B)), or

6 “(ii) a foreign-influenced entity (as de-
 7 fined in section 7701(a)(51)(D), without re-
 8 gard to clause (i)(II) thereof).

9 “(B) *EFFECTIVE CONTROL*.—In the case of
 10 a taxpayer for which section
 11 7701(a)(51)(D)(i)(II) is determined to apply for
 12 any taxable year, no credit shall be determined
 13 under subsection (a) for such taxable year if such
 14 determination relates to a qualified facility de-
 15 scribed in subsection (b)(1).”.

16 (c) *DEFINITIONS RELATING TO PROHIBITED FOREIGN*
 17 *ENTITIES*.—Section 7701(a) is amended by adding at the
 18 end the following new paragraphs:

19 “(51) *PROHIBITED FOREIGN ENTITY*.—

20 “(A) *IN GENERAL*.—

21 “(i) *DEFINITION*.—The term ‘prohib-
 22 ited foreign entity’ means a specified for-
 23 eign entity or a foreign-influenced entity.

24 “(ii) *DETERMINATION*.—

1 “(I) *IN GENERAL.*—Subject to
 2 subclause (II), for any taxable year,
 3 the determination as to whether an en-
 4 tity is a specified foreign entity or for-
 5 eign-influenced entity shall be made as
 6 of the last day of such taxable year.

7 “(II) *INITIAL TAXABLE YEAR.*—
 8 For purposes of the first taxable year
 9 beginning after the date of enactment
 10 of this paragraph, the determination as
 11 to whether an entity is a specified for-
 12 eign entity described in clauses (i)
 13 through (iv) of subparagraph (B) shall
 14 be made as of the first day of such tax-
 15 able year.

16 “(B) *SPECIFIED FOREIGN ENTITY.*—For
 17 purposes of this paragraph, the term ‘specified
 18 foreign entity’ means—

19 “(i) a foreign entity of concern de-
 20 scribed in subparagraph (A), (B), (D), or
 21 (E) of section 9901(8) of the William M.
 22 (Mac) Thornberry National Defense Author-
 23 ization Act for Fiscal Year 2021 (Public
 24 Law 116–283; 15 U.S.C. 4651),

1 “(ii) *an entity identified as a Chinese*
 2 *military company operating in the United*
 3 *States in accordance with section 1260H of*
 4 *the William M. (Mac) Thornberry National*
 5 *Defense Authorization Act for Fiscal Year*
 6 *2021 (Public Law 116–283; 10 U.S.C. 113*
 7 *note),*

8 “(iii) *an entity included on a list re-*
 9 *quired by clause (i), (ii), (iv), or (v) of sec-*
 10 *tion 2(d)(2)(B) of Public Law 117–78 (135*
 11 *Stat. 1527),*

12 “(iv) *an entity specified under section*
 13 *154(b) of the National Defense Authoriza-*
 14 *tion Act for Fiscal Year 2024 (Public Law*
 15 *118–31; 10 U.S.C. note prec. 4651), or*

16 “(v) *a foreign-controlled entity.*

17 “(C) *FOREIGN-CONTROLLED ENTITY.—For*
 18 *purposes of subparagraph (B), the term ‘foreign-*
 19 *controlled entity’ means—*

20 “(i) *the government (including any*
 21 *level of government below the national level)*
 22 *of a covered nation,*

23 “(ii) *an agency or instrumentality of a*
 24 *government described in clause (i),*

1 “(iii) a person who is a citizen or na-
 2 tional of a covered nation, provided that
 3 such person is not an individual who is a
 4 citizen, national, or lawful permanent resi-
 5 dent of the United States,

6 “(iv) an entity or a qualified business
 7 unit (as defined in section 989(a)) incor-
 8 porated or organized under the laws of, or
 9 having its principal place of business in, a
 10 covered nation, or

11 “(v) an entity (including subsidiary
 12 entities) controlled (as determined under
 13 subparagraph (G)) by an entity described
 14 in clause (i), (ii), (iii), or (iv).

15 “(D) FOREIGN-INFLUENCED ENTITY.—

16 “(i) IN GENERAL.—For purposes of
 17 subparagraph (A), the term ‘foreign-influ-
 18 enced entity’ means an entity—

19 “(I) with respect to which, during
 20 the taxable year—

21 “(aa) a specified foreign en-
 22 tity has the direct authority to
 23 appoint a covered officer of such
 24 entity,

1 “(bb) a single specified for-
2 eign entity owns at least 25 per-
3 cent of such entity,

4 “(cc) one or more specified
5 foreign entities own in the aggre-
6 gate at least 40 percent of such
7 entity, or

8 “(dd) at least 15 percent of
9 the debt of such entity has been
10 issued, in the aggregate, to 1 or
11 more specified foreign entities, or

12 “(II) which, during the previous
13 taxable year, made a payment to a
14 specified foreign entity pursuant to a
15 contract, agreement, or other arrange-
16 ment which entitles such specified for-
17 eign entity (or an entity related to
18 such specified foreign entity) to exer-
19 cise effective control over—

20 “(aa) any qualified facility
21 or energy storage technology of the
22 taxpayer (or any person related to
23 the taxpayer), or

24 “(bb) with respect to any eli-
25 gible component produced by the

1 taxpayer (or any person related to
2 the taxpayer)—

3 “(AA) the extraction,
4 processing, or recycling of
5 any applicable critical min-
6 eral, or

7 “(BB) the production of
8 an eligible component which
9 is not an applicable critical
10 mineral.

11 “(ii) *EFFECTIVE CONTROL*.—

12 “(I) *IN GENERAL*.—

13 “(aa) *GENERAL RULE*.—Sub-
14 ject to subclause (II), for purposes
15 of clause (i)(II), the term ‘effective
16 control’ means 1 or more agree-
17 ments or arrangements similar to
18 those described in subclauses (II)
19 and (III) which provide 1 or more
20 contractual counterparties of a
21 taxpayer with specific authority
22 over key aspects of the production
23 of eligible components, energy gen-
24 eration in a qualified facility, or
25 energy storage which are not in-

1 *cluded in the measures of control*
 2 *through authority, ownership, or*
 3 *debt held which are described in*
 4 *clause (i)(I).*

5 “(bb) *GUIDANCE.—The Sec-*
 6 *retary shall issue such guidance*
 7 *as is necessary to carry out the*
 8 *purposes of this clause, including*
 9 *the establishment of rules to pre-*
 10 *vent entities from evading, cir-*
 11 *cumventing, or abusing the appli-*
 12 *cation of the restrictions described*
 13 *subparagraph (C) and subclauses*
 14 *(II) and (III) of this clause*
 15 *through a contract, agreement, or*
 16 *other arrangement.*

17 “(II) *APPLICATION OF RULES*
 18 *PRIOR TO ISSUANCE OF GUIDANCE.—*
 19 *During any period prior to the date*
 20 *that the guidance described in sub-*
 21 *clause (I)(bb) is issued by the Sec-*
 22 *retary, for purposes of clause (i)(II),*
 23 *the term ‘effective control’ means the*
 24 *unrestricted contractual right of a con-*
 25 *tractual counterparty to—*

1 “(aa) determine the quantity
2 or timing of production of an eli-
3 gible component produced by the
4 taxpayer,

5 “(bb) determine the amount
6 or timing of activities related to
7 the production of electricity un-
8 dertaken at a qualified facility of
9 the taxpayer or the storage of elec-
10 trical energy in energy storage
11 technology of the taxpayer,

12 “(cc) determine which entity
13 may purchase or use the output of
14 a production unit of the taxpayer
15 that produces eligible components,

16 “(dd) determine which entity
17 may purchase or use the output of
18 a qualified facility of the tax-
19 payer,

20 “(ee) restrict access to data
21 critical to production or storage of
22 energy undertaken at a qualified
23 facility of the taxpayer, or to the
24 site of production or any part of
25 a qualified facility or energy stor-

1 *age technology of the taxpayer, to*
 2 *the personnel or agents of such*
 3 *contractual counterparty, or*

4 *“(ff) on an exclusive basis,*
 5 *maintain, repair, or operate any*
 6 *plant or equipment which is nec-*
 7 *essary to the production by the*
 8 *taxpayer of eligible components or*
 9 *electricity.*

10 *“(III) LICENSING AND OTHER*
 11 *AGREEMENTS.—*

12 *“(aa) IN GENERAL.—In ad-*
 13 *dition to subclause (II), for pur-*
 14 *poses of clause (i)(II), the term*
 15 *‘effective control’ means, with re-*
 16 *spect to a licensing agreement for*
 17 *the provision of intellectual prop-*
 18 *erty (or any other contract, agree-*
 19 *ment or other arrangement en-*
 20 *tered into with a contractual*
 21 *counterparty related to such li-*
 22 *ensing agreement) with respect to*
 23 *a qualified facility, energy storage*
 24 *technology, or the production of*

1 *an eligible component, any of the*
2 *following:*

3 “(AA) A contractual
4 right retained by the contrac-
5 tual counterparty to specify
6 or otherwise direct 1 or more
7 sources of components, sub-
8 components, or applicable
9 critical minerals utilized in
10 a qualified facility, energy
11 storage technology, or in the
12 production of an eligible
13 component.

14 “(BB) A contractual
15 right retained by the contrac-
16 tual counterparty to direct
17 the operation of any quali-
18 fied facility, any energy stor-
19 age technology, or any pro-
20 duction unit that produces
21 an eligible component.

22 “(CC) A contractual
23 right retained by the contrac-
24 tual counterparty to limit
25 the taxpayer’s utilization of

1 *intellectual property related*
2 *to the operation of a quali-*
3 *fied facility or energy storage*
4 *technology, or in the produc-*
5 *tion of an eligible component.*

6 “(DD) A contractual
7 right retained by the contrac-
8 tual counterparty to receive
9 royalties under the licensing
10 agreement or any similar
11 agreement (or payments
12 under any related agreement)
13 beyond the 10th year of the
14 agreement (including modi-
15 fications or extensions there-
16 of).

17 “(EE) A contractual
18 right retained by the contrac-
19 tual counterparty to direct or
20 otherwise require the tax-
21 payer to enter into an agree-
22 ment for the provision of
23 services for a duration longer
24 than 2 years (including any

1 *modifications or extensions*
 2 *thereof).*

3 “(FF) Such contract,
 4 *agreement, or other arrange-*
 5 *ment does not provide the li-*
 6 *censee with all the technical*
 7 *data, information, and*
 8 *know-how necessary to enable*
 9 *the licensee to produce the el-*
 10 *igible component or compo-*
 11 *nents subject to the contract,*
 12 *agreement, or other arrange-*
 13 *ment without further involve-*
 14 *ment from the contractual*
 15 *counterparty or a specified*
 16 *foreign entity.*

17 “(GG) Such contract,
 18 *agreement, or other arrange-*
 19 *ment was entered into (or*
 20 *modified) on or after the date*
 21 *of enactment of this para-*
 22 *graph.*

23 “(bb) *EXCEPTION.—*

24 “(AA) *IN GENERAL.—*
 25 *Item (aa) shall not apply in*

1 *the case of a bona fide pur-*
 2 *chase or sale of intellectual*
 3 *property.*

4 “(BB) *BONA FIDE PUR-*
 5 *CHASE OR SALE.—For pur-*
 6 *poses of item (aa), any pur-*
 7 *chase or sale of intellectual*
 8 *property where the agreement*
 9 *provides that ownership of*
 10 *the intellectual property re-*
 11 *verts to the contractual*
 12 *counterparty after a period*
 13 *of time shall not be consid-*
 14 *ered a bona-fide purchase or*
 15 *sale.*

16 “(IV) *PERSONS RELATED TO THE*
 17 *TAXPAYER.—For purposes of subclauses*
 18 *(I), (II), and (III), the term ‘taxpayer’*
 19 *shall include any person related to the*
 20 *taxpayer.*

21 “(V) *CONTRACTUAL*
 22 *COUNTERPARTY.—For purposes of this*
 23 *clause, the term ‘contractual*
 24 *counterparty’ means an entity with*
 25 *which the taxpayer has entered into a*

1 *contract, agreement, or other arrange-*
 2 *ment.*

3 “(iii) *GUIDANCE.*—*Not later than De-*
 4 *cember 31, 2026, the Secretary shall issue*
 5 *such guidance as is necessary to carry out*
 6 *the purposes of this subparagraph, includ-*
 7 *ing establishment of rules to prevent entities*
 8 *from evading, circumventing, or abusing the*
 9 *application of the restrictions against im-*
 10 *permissible technology licensing arrange-*
 11 *ments with specified foreign entities, such*
 12 *as through temporary transfers of intellec-*
 13 *tual property, retention by a specified for-*
 14 *foreign entity of a reversionary interest in*
 15 *transferred intellectual property, or other-*
 16 *wise.*

17 “(E) *PUBLICLY TRADED ENTITIES.*—

18 “(i) *IN GENERAL.*—

19 “(I) *NONAPPLICATION OF CERTAIN*
 20 *FOREIGN-CONTROLLED ENTITY*
 21 *RULES.*—*Subparagraph (C)(v) shall*
 22 *not apply in the case of any entity the*
 23 *securities of which are regularly traded*
 24 *on—*

1 “(aa) a national securities
2 exchange which is registered with
3 the Securities and Exchange Com-
4 mission,

5 “(bb) the national market
6 system established pursuant to
7 section 11A of the Securities and
8 Exchange Act of 1934, or

9 “(cc) any other exchange or
10 other market which the Secretary
11 has determined in guidance issued
12 under section 1296(e)(1)(A)(ii)
13 has rules adequate to carry out
14 the purposes of part VI of sub-
15 chapter P of chapter 1 of subtitle
16 A.

17 “(II) NONAPPLICATION OF CER-
18 TAIN FOREIGN-INFLUENCED ENTITY
19 RULES.—Subparagraph (D)(i)(I) shall
20 not apply in the case of any entity—

21 “(aa) the securities of which
22 are regularly traded in a manner
23 described in subclause (I), or

24 “(bb) for which not less than
25 80 percent of the equity securities

1 *of such entity are owned directly*
 2 *or indirectly by an entity which*
 3 *is described in item (aa).*

4 “(III) *EXCLUSION OF EXCHANGES*
 5 *OR MARKETS IN COVERED NATIONS.—*
 6 *Subclause (I)(cc) shall not apply with*
 7 *respect to any exchange or market*
 8 *which—*

9 “(aa) *is incorporated or or-*
 10 *ganized under the laws of a cov-*
 11 *ered nation, or*

12 “(bb) *has its principal place*
 13 *of business in a covered nation.*

14 “(ii) *ADDITIONAL FOREIGN-CON-*
 15 *TROLLED ENTITY REQUIREMENTS FOR PUB-*
 16 *LICLY TRADED COMPANIES.—In the case of*
 17 *an entity described in clause (i)(I), such en-*
 18 *tity shall be deemed to be a foreign-con-*
 19 *trolled entity under subparagraph (C)(v) if*
 20 *such entity is controlled (as determined*
 21 *under subparagraph (G)) by—*

22 “(I) *1 or more specified foreign*
 23 *entities (as determined without regard*
 24 *to subparagraph (B)(v)) that are each*
 25 *required to report their beneficial own-*

ership pursuant to a rule described in
clause (iii)(I)(bb), or

“(II) 1 or more foreign-controlled
entities (as determined without regard
to subparagraph (C)(v)) that are each
required to report their beneficial own-
ership pursuant to a rule described in
such clause.

“(iii) *ADDITIONAL FOREIGN-INFLU-
ENCED ENTITY REQUIREMENTS FOR PUB-
LICLY TRADED COMPANIES.*—In the case of
an entity described in clause (i)(II), such
entity shall be deemed to be a foreign-influ-
enced entity under subparagraph (D)(i)(I)
if—

“(I) during the taxable year—

“(aa) a specified foreign en-
tity has the authority to appoint
a covered officer of such entity,

“(bb) a single specified for-
eign entity required to report its
beneficial ownership under Rule
13d-3 of the Securities and Ex-
change Act of 1934 (or, in the case
of an exchange or market de-

1 scribed in clause (i)(I)(cc), an
 2 equivalent rule) owns not less
 3 than 25 percent of such entity, or
 4 “(cc) 1 or more specified for-
 5 eign entities that are each re-
 6 quired to report their beneficial
 7 ownership under Rule 13d-3 of
 8 the Securities and Exchange Act
 9 of 1934 own, in the aggregate, not
 10 less than 40 percent of such enti-
 11 ty, or

12 “(II) such entity has issued debt,
 13 as part of an original issuance, in ex-
 14 cess of 15 percent of its publicly-traded
 15 debt to 1 or more specified foreign enti-
 16 ties.

17 “(F) COVERED OFFICER.—For purposes of
 18 this paragraph, the term ‘covered officer’ means,
 19 with respect to an entity—

20 “(i) a member of the board of directors,
 21 board of supervisors, or equivalent gov-
 22 erning body,

23 “(ii) an executive-level officer, includ-
 24 ing the president, chief executive officer,
 25 chief operating officer, chief financial offi-

cer, general counsel, or senior vice president,
or

“(iii) an individual having powers or
responsibilities similar to those of officers or
members described in clause (i) or (ii).

“(G) DETERMINATION OF CONTROL.—For
purposes of subparagraph (C)(v), the term ‘con-
trol’ means—

“(i) in the case of a corporation, own-
ership (by vote or value) of more than 50
percent of the stock in such corporation,

“(ii) in the case of a partnership, own-
ership of more than 50 percent of the profits
interests or capital interests in such part-
nership, or

“(iii) in any other case, ownership of
more than 50 percent of the beneficial inter-
ests in the entity.

“(H) DETERMINATION OF OWNERSHIP.—
For purposes of this paragraph, section
318(a)(2) shall apply for purposes of deter-
mining ownership of stock in a corporation.
Similar principles shall apply for purposes of
determining ownership of interests in any other
entity.

1 “(I) *OTHER DEFINITIONS.*—For purposes of
2 *this paragraph—*

3 “(i) *APPLICABLE CRITICAL MINERAL.*—
4 *The term ‘applicable critical mineral’ has*
5 *the same meaning given such term under*
6 *section 45X(c)(6).*

7 “(ii) *COVERED NATION.*—*The term*
8 *‘covered nation’ has the same meaning*
9 *given such term under section 4872(f)(2) of*
10 *title 10, United States Code.*

11 “(iii) *ELIGIBLE COMPONENT.*—*The*
12 *term ‘eligible component’ has the same*
13 *meaning given such term under section*
14 *45X(c)(1).*

15 “(iv) *ENERGY STORAGE TECH-*
16 *NOLOGY.*—*The term ‘energy storage tech-*
17 *nology’ has the same meaning given such*
18 *term under section 48E(c)(2).*

19 “(v) *QUALIFIED FACILITY.*—*The term*
20 *‘qualified facility’ means—*

21 “(I) *a qualified facility, as de-*
22 *finied in section 45Y(b)(1), and*

23 “(II) *a qualified facility, as de-*
24 *finied in section 48E(b)(3).*

1 “(vi) *RELATED*.—The term ‘related’
2 shall have the same meaning given such
3 term under sections 267(b) and 707(b).

4 “(J) *BEGINNING OF CONSTRUCTION*.—For
5 purposes of applying any provision under this
6 paragraph, the beginning of construction with
7 respect to any property shall be determined pur-
8 suant to rules similar to the rules under Internal
9 Revenue Service Notice 2013–29 and Internal
10 Revenue Service Notice 2018–59 (as well as any
11 subsequently issued guidance clarifying, modi-
12 fying, or updating either such Notice), as in ef-
13 fect on January 1, 2025.

14 “(K) *REGULATIONS AND GUIDANCE*.—The
15 Secretary may prescribe such regulations and
16 guidance as may be necessary or appropriate to
17 carry out the provisions of this paragraph, in-
18 cluding rules to prevent the circumvention of
19 any rules or restrictions with respect to prohib-
20 ited foreign entities.

21 “(52) *MATERIAL ASSISTANCE FROM A PROHIB-*
22 *ITED FOREIGN ENTITY*.—

23 “(A) *IN GENERAL*.—The term ‘material as-
24 sistance from a prohibited foreign entity’
25 means—

1 “(i) with respect to any qualified facil-
 2 ity or energy storage technology, a material
 3 assistance cost ratio which is less than the
 4 threshold percentage applicable under sub-
 5 paragraph (B), or

6 “(ii) with respect to any facility which
 7 produces eligible components, a material as-
 8 sistance cost ratio which is less than the
 9 threshold percentage applicable under sub-
 10 paragraph (C).

11 “(B) THRESHOLD PERCENTAGE FOR QUALI-
 12 FIED FACILITIES AND ENERGY STORAGE TECH-
 13 NOLOGY.—For purposes of subparagraph (A)(i),
 14 the threshold percentage shall be—

15 “(i) in the case of a qualified facility
 16 the construction of which begins—

17 “(I) during calendar year 2026,
 18 40 percent,

19 “(II) during calendar year 2027,
 20 45 percent,

21 “(III) during calendar year 2028,
 22 50 percent,

23 “(IV) during calendar year 2029,
 24 55 percent, and

1 “(V) after December 31, 2029, 60
2 percent, and

3 “(ii) in the case of energy storage tech-
4 nology the construction of which begins—

5 “(I) during calendar year 2026,
6 55 percent,

7 “(II) during calendar year 2027,
8 60 percent,

9 “(III) during calendar year 2028,
10 65 percent,

11 “(IV) during calendar year 2029,
12 70 percent, and

13 “(V) after December 31, 2029, 75
14 percent.

15 “(C) *THRESHOLD PERCENTAGE FOR ELIGI-*
16 *BLE COMPONENTS.*—

17 “(i) *IN GENERAL.*—For purposes of
18 subparagraph (A)(ii), the threshold percent-
19 age shall be—

20 “(I) in the case of any solar en-
21 ergy component (as such term is de-
22 fined in section 45X(c)(3)(A)) which is
23 sold—

24 “(aa) during calendar year
25 2026, 50 percent,

1 “(bb) during calendar year
2 2027, 60 percent,

3 “(cc) during calendar year
4 2028, 70 percent,

5 “(dd) during calendar year
6 2029, 80 percent, and

7 “(ee) after December 31,
8 2029, 85 percent,

9 “(II) in the case of any wind en-
10 ergy component (as such term is de-
11 fined in section 45X(c)(4)(A)) which is
12 sold—

13 “(aa) during calendar year
14 2026, 85 percent, and

15 “(bb) during calendar year
16 2027, 90 percent,

17 “(III) in the case of any inverter
18 described in subparagraphs (B)
19 through (G) of section 45X(c)(2) which
20 is sold—

21 “(aa) during calendar year
22 2026, 50 percent,

23 “(bb) during calendar year
24 2027, 55 percent,

1 “(cc) during calendar year
2 2028, 60 percent,

3 “(dd) during calendar year
4 2029, 65 percent, and

5 “(ee) after December 31,
6 2029, 70 percent,

7 “(IV) in the case of any quali-
8 fying battery component (as such term
9 is defined in section 45X(c)(5)(A))
10 which is sold—

11 “(aa) during calendar year
12 2026, 60 percent,

13 “(bb) during calendar year
14 2027, 65 percent,

15 “(cc) during calendar year
16 2028, 70 percent,

17 “(dd) during calendar year
18 2029, 80 percent, and

19 “(ee) after December 31,
20 2029, 85 percent, and

21 “(V) subject to clause (ii), in the
22 case of any applicable critical mineral
23 (as such term is defined in section
24 45X(c)(6)) which is sold—

1 “(aa) after December 31,
2 2025, and before January 1, 2030,
3 0 percent,

4 “(bb) during calendar year
5 2030, 25 percent,

6 “(cc) during calendar year
7 2031, 30 percent,

8 “(dd) during calendar year
9 2032, 40 percent, and

10 “(ee) after December 31,
11 2032, 50 percent.

12 “(ii) *ADJUSTED THRESHOLD PERCENT-*
13 *AGE FOR APPLICABLE CRITICAL MIN-*
14 *ERALS.—Not later than December 31, 2027,*
15 *the Secretary shall issue threshold percent-*
16 *ages for each of the applicable critical min-*
17 *erals described in section 45X(c)(6)), which*
18 *shall—*

19 “(I) apply in lieu of the threshold
20 percentage determined under clause
21 (i)(V) for each calendar year, and

22 “(II) equal or exceed the threshold
23 percentage which would otherwise
24 apply with respect to such applicable
25 critical mineral under such clause for

1 *such calendar year, taking into ac-*
 2 *count—*

3 *“(aa) domestic geographic*
 4 *availability,*

5 *“(bb) supply chain con-*
 6 *straints,*

7 *“(cc) domestic processing ca-*
 8 *capacity needs, and*

9 *“(dd) national security con-*
 10 *cerns.*

11 *“(D) MATERIAL ASSISTANCE COST RATIO.—*

12 *“(i) QUALIFIED FACILITIES AND EN-*
 13 *ERGY STORAGE TECHNOLOGY.—For pur-*
 14 *poses of subparagraph (A)(i), the term ‘ma-*
 15 *terial assistance cost ratio’ means the*
 16 *amount (expressed as a percentage) equal to*
 17 *the quotient of—*

18 *“(I) an amount equal to—*

19 *“(aa) the total direct costs to*
 20 *the taxpayer attributable to all*
 21 *manufactured products (including*
 22 *components) which are incor-*
 23 *porated into the qualified facility*
 24 *or energy storage technology upon*
 25 *completion of construction, minus*

1 “(bb) the total direct costs to
 2 the taxpayer attributable to all
 3 manufactured products (including
 4 components) which are—

5 “(AA) incorporated into
 6 the qualified facility or en-
 7 ergy storage technology upon
 8 completion of construction,
 9 and

10 “(BB) mined, produced,
 11 or manufactured by a pro-
 12 hibited foreign entity, di-
 13 vided by

14 “(II) the amount described in sub-
 15 clause (I)(aa).

16 “(ii) *ELIGIBLE COMPONENTS*.—For
 17 purposes of subparagraph (A)(ii), the term
 18 ‘material assistance cost ratio’ means the
 19 amount (expressed as a percentage) equal to
 20 the quotient of—

21 “(I) an amount equal to—

22 “(aa) with respect to an eli-
 23 gible component, the total direct
 24 material costs that are paid or in-
 25 curred (within the meaning of sec-

1 *tion 461 and any regulations*
 2 *issued under section 263A) by the*
 3 *taxpayer for production of such*
 4 *eligible component, minus*

5 *“(bb) with respect to an eli-*
 6 *gible component, the total direct*
 7 *material costs that are paid or in-*
 8 *curring (within the meaning of sec-*
 9 *tion 461 and any regulations*
 10 *issued under section 263A) by the*
 11 *taxpayer for production of such*
 12 *eligible component that are*
 13 *mined, produced, or manufactured*
 14 *by a prohibited foreign entity, di-*
 15 *vided by*

16 *“(II) the amount described in sub-*
 17 *clause (I)(aa).*

18 *“(iii) SAFE HARBOR TABLES.—*

19 *“(I) IN GENERAL.—Not later than*
 20 *December 31, 2026, the Secretary shall*
 21 *issue safe harbor tables (and such other*
 22 *guidance as deemed necessary) to—*

23 *“(aa) identify the percentage*
 24 *of total direct costs of any manu-*
 25 *factured product which is attrib-*

1 *utable to a prohibited foreign en-*
 2 *tity,*

3 *“(bb) identify the percentage*
 4 *of total direct material costs of*
 5 *any eligible component which is*
 6 *attributable to a prohibited for-*
 7 *eign entity, and*

8 *“(cc) provide all rules nec-*
 9 *essary to determine the amount of*
 10 *a taxpayer’s material assistance*
 11 *from a prohibited foreign entity*
 12 *within the meaning of this para-*
 13 *graph.*

14 *“(II) SAFE HARBORS PRIOR TO*
 15 *ISSUANCE.—For purposes of this para-*
 16 *graph, prior to the date on which the*
 17 *Secretary issues the safe harbor tables*
 18 *described in subclause (I), and for con-*
 19 *struction of a qualified facility or en-*
 20 *ergy storage technology which begins*
 21 *on or before the date which is 60 days*
 22 *after the date of issuance of such tables,*
 23 *a taxpayer may—*

24 *“(aa) use the tables included*
 25 *in Internal Revenue Service No-*

1 *tice 2025–08 to establish the per-*
 2 *centage of the total direct costs of*
 3 *any listed eligible component and*
 4 *any manufactured product, and*

5 *“(bb) rely on a certification*
 6 *by the supplier of the manufac-*
 7 *tured product, eligible component,*
 8 *or constituent element, material,*
 9 *or subcomponent of an eligible*
 10 *component—*

11 *“(AA) of the total direct*
 12 *costs or the total direct mate-*
 13 *rial costs, as applicable, of*
 14 *such product or component*
 15 *that was not produced or*
 16 *manufactured by a prohib-*
 17 *ited foreign entity, or*

18 *“(BB) that such product*
 19 *or component was not pro-*
 20 *duced or manufactured by a*
 21 *prohibited foreign entity.*

22 *“(III) EXCEPTION.—Notwith-*
 23 *standing subclauses (I) and (II)—*

24 *“(aa) if the taxpayer knows*
 25 *(or has reason to know) that a*

1 *manufactured product or eligible*
 2 *component was produced or man-*
 3 *ufactured by a prohibited foreign*
 4 *entity, the taxpayer shall treat all*
 5 *direct costs with respect to such*
 6 *manufactured product, or all di-*
 7 *rect material costs with respect to*
 8 *such eligible component, as attrib-*
 9 *utable to a prohibited foreign en-*
 10 *tity, and*

11 *“(bb) if the taxpayer knows*
 12 *(or has reason to know) that the*
 13 *certification referred to in sub-*
 14 *clause (II)(bb) pertaining to a*
 15 *manufactured product or eligible*
 16 *component is inaccurate, the tax-*
 17 *payer may not rely on such cer-*
 18 *tification.*

19 *“(IV) CERTIFICATION REQUIRE-*
 20 *MENT.—In a manner consistent with*
 21 *Treasury Regulation section 1.45X-*
 22 *4(c)(4)(i) (as in effect on the date of*
 23 *enactment of this paragraph), the cer-*
 24 *tification referred to in subclause*
 25 *(II)(bb) shall—*

1 “(aa) include—

2 “(AA) the supplier’s em-
3 ployer identification number,
4 or

5 “(BB) any such similar
6 identification number issued
7 by a foreign government,

8 “(bb) be signed under pen-
9 alties of perjury,

10 “(cc) be retained by the sup-
11 plier and the taxpayer for a pe-
12 riod of not less than 6 years and
13 shall be provided to the Secretary
14 upon request, and

15 “(dd) be from the supplier
16 from which the taxpayer pur-
17 chased any manufactured product,
18 eligible component, or constituent
19 elements, materials, or subcompo-
20 nents of an eligible component,
21 stating—

22 “(AA) that such prop-
23 erty was not produced or
24 manufactured by a prohib-
25 ited foreign entity and that

1 the supplier does not know
 2 (or have reason to know) that
 3 any prior supplier in the
 4 chain of production of that
 5 property is a prohibited for-
 6 eign entity,

7 “(BB) for purposes of
 8 section 45X, the total direct
 9 material costs for each com-
 10 ponent, constituent element,
 11 material, or subcomponent
 12 that were not produced or
 13 manufactured by a prohib-
 14 ited foreign entity, or

15 “(CC) for purposes of
 16 section 45Y or section 48E,
 17 the total direct costs attrib-
 18 utable to all manufactured
 19 products that were not pro-
 20 duced or manufactured by a
 21 prohibited foreign entity.

22 “(iv) *EXISTING CONTRACT*.—Upon the
 23 election of the taxpayer (in such form and
 24 manner as the Secretary shall designate), in
 25 the case of any manufactured product, eligi-

1 *ble component, or constituent element, mate-*
2 *rial, or subcomponent of an eligible compo-*
3 *nent which is—*

4 *“(I) acquired by the taxpayer, or*
5 *manufactured or assembled by or for*
6 *the taxpayer, pursuant to a binding*
7 *written contract which was entered*
8 *into prior to June 16, 2025, and*

9 *“(II)(aa) placed into service be-*
10 *fore January 1, 2030 (or, in the case*
11 *of an applicable facility, as defined in*
12 *section 45Y(d)(4)(B), before January*
13 *1, 2028) in a facility the construction*
14 *of which began before August 1, 2025,*
15 *or*

16 *“(bb) in the case of a constituent*
17 *element, material, or subcomponent,*
18 *used in a product sold before January*
19 *1, 2030,*

20 *the cost to the taxpayer with respect to such*
21 *product, component, element, material, or*
22 *subcomponent shall not be included for pur-*
23 *poses of determining the material assistance*
24 *cost ratio under this subparagraph.*

1 “(v) *ANTI-CIRCUMVENTION RULES.*—

2 *The Secretary shall prescribe such regula-*
 3 *tions and guidance as may be necessary or*
 4 *appropriate to prevent circumvention of the*
 5 *rules under this subparagraph, including*
 6 *prevention of—*

7 “(I) *any abuse of the exception*
 8 *provided under clause (iv) through the*
 9 *stockpiling of any manufactured prod-*
 10 *uct, eligible component, or constituent*
 11 *element, material, or subcomponent of*
 12 *an eligible component during any pe-*
 13 *riod prior to the application of the re-*
 14 *quirements under this paragraph, or*

15 “(II) *any evasion with respect to*
 16 *the requirements of this subparagraph*
 17 *where the facts and circumstances dem-*
 18 *onstrate that the beginning of construc-*
 19 *tion of a qualified facility or energy*
 20 *storage technology has not in fact oc-*
 21 *curred.*

22 “(E) *OTHER DEFINITIONS.*—*For purposes*
 23 *of this paragraph—*

24 “(i) *ELIGIBLE COMPONENT.*—*The term*
 25 *‘eligible component’ means—*

1 “(I) any property described in
2 section 45X(c)(1), or

3 “(II) any component which is
4 identified by the Secretary pursuant to
5 regulations or guidance issued under
6 subparagraph (G).

7 “(ii) *ENERGY STORAGE TECH-*
8 *NOLOGY.—The term ‘energy storage tech-*
9 *nology’ has the same meaning given such*
10 *term under section 48E(c)(2).*

11 “(iii) *MANUFACTURED PRODUCT.—The*
12 *term ‘manufactured product’ means—*

13 “(I) a manufactured product
14 which is a component of a qualified fa-
15 cility, as described in section
16 45Y(g)(11)(B) and any guidance
17 issued thereunder, or

18 “(II) any product which is identi-
19 fied by the Secretary pursuant to regu-
20 lations or guidance issued under sub-
21 paragraph (G).

22 “(iv) *QUALIFIED FACILITY.—The term*
23 *‘qualified facility’ means—*

24 “(I) a qualified facility, as de-
25 fined in section 45Y(b)(1),

1 “(II) a qualified facility, as de-
2 fined in section 48E(b)(3), and

3 “(III) any qualified interconnec-
4 tion property (as defined in section
5 48E(b)(4)) which is part of the quali-
6 fied investment with respect to a quali-
7 fied facility (as described in section
8 48E(b)(1)).

9 “(F) DETERMINATION OF OWNERSHIP; BE-
10 GINNING OF CONSTRUCTION.—Rules similar to
11 the rules under subparagraphs (H) and (J) of
12 paragraph (51) shall apply for purposes of this
13 paragraph.

14 “(G) REGULATIONS AND GUIDANCE.—The
15 Secretary may prescribe such regulations and
16 guidance as may be necessary or appropriate to
17 carry out the provisions of this paragraph, in-
18 cluding—

19 “(i) identification of components or
20 products for purposes of clauses (i) and (iii)
21 of subparagraph (E), and

22 “(ii) for purposes of subparagraph
23 (A)(ii), rules to address facilities which
24 produce more than one eligible component.”.

1 (d) *DENIAL OF CREDIT FOR CERTAIN WIND AND*
 2 *SOLAR LEASING ARRANGEMENTS.*—Section 45Y is amend-
 3 *ed by adding at the end the following new subsection:*

4 “(h) *DENIAL OF CREDIT FOR WIND AND SOLAR LEAS-*
 5 *ING ARRANGEMENTS.*—No credit shall be determined under
 6 *this section with respect to any production of electricity*
 7 *during the taxable year with respect to property described*
 8 *in paragraph (1) or (4) of section 25D(d) (as applied by*
 9 *substituting ‘lessee’ for ‘taxpayer’)* if the taxpayer rents or
 10 *leases such property to a third party during such taxable*
 11 *year.”.*

12 (e) *EMISSIONS RATES TABLES.*—Section 45Y(b)(2)(C)
 13 *is amended by adding at the end the following new clause:*

14 “(iii) *EXISTING STUDIES.*—For pur-
 15 poses of clause (i), in determining green-
 16 house gas emissions rates for types or cat-
 17 egories of facilities for the purpose of deter-
 18 mining whether a facility satisfies the re-
 19 quirements under paragraph (1), the Sec-
 20 retary shall consider studies published on or
 21 before the date of enactment of this clause
 22 which demonstrate a net lifecycle greenhouse
 23 gas emissions rate which is not greater than
 24 zero using widely accepted lifecycle assess-
 25 ment concepts, such as concepts described in

1 standards developed by the International
2 Organization for Standardization.”.

3 (f) *NUCLEAR ENERGY COMMUNITIES*.—

4 (1) *IN GENERAL*.—Section 45(b)(11) is amend-
5 ed—

6 (A) in subparagraph (B)—

7 (i) in clause (ii)(II), by striking “or”
8 at the end,

9 (ii) in clause (iii)(II), by striking the
10 period at the end and inserting “, or”, and

11 (iii) by adding at the end the following
12 new clause:

13 “(iv) for purposes of any qualified fa-
14 cility which is an advanced nuclear facility,
15 a metropolitan statistical area which has
16 (or, at any time during the period begin-
17 ning after December 31, 2009, had) 0.17
18 percent or greater direct employment related
19 to the advancement of nuclear power, in-
20 cluding employment related to—

21 “(I) an advanced nuclear facility,

22 “(II) advanced nuclear power re-
23 search and development,

24 “(III) nuclear fuel cycle research,
25 development, or production, including

1 *mining, enrichment, manufacture,*
 2 *storage, disposal, or recycling of nu-*
 3 *clear fuel, and*

4 *“(IV) the manufacturing or as-*
 5 *sembly of components used in an ad-*
 6 *vanced nuclear facility.”, and*

7 *(B) by adding at the end the following new*
 8 *subparagraph:*

9 *“(C) ADVANCED NUCLEAR FACILITIES.—*

10 *“(i) IN GENERAL.—Subject to clause*
 11 *(ii), for purposes of subparagraph (B)(iv),*
 12 *the term ‘advanced nuclear facility’ means*
 13 *any nuclear facility the reactor design for*
 14 *which is approved in the manner described*
 15 *in section 45J(d)(2).*

16 *“(ii) SPECIAL RULE.—For purposes of*
 17 *clause (i), a facility shall be deemed to have*
 18 *a reactor design which is approved in the*
 19 *manner described in section 45J(d)(2) if the*
 20 *Nuclear Regulatory Commission has au-*
 21 *thorized construction and issued a site-spe-*
 22 *cific construction permit or combined li-*
 23 *cence with respect to such facility (without*
 24 *regard to whether the reactor design was*
 25 *approved after December 31, 1993).”.*

1 (2) *NONAPPLICATION FOR CLEAN ELECTRICITY*
 2 *INVESTMENT CREDIT.*—Section 48E(a)(3)(A)(i) is
 3 amended by inserting “, as applied without regard to
 4 clause (iv) thereof” after “section 45(b)(11)(B)”.

5 (g) *CONFORMING AMENDMENTS.*—Section 45Y(b)(1) is
 6 amended—

7 (1) by redesignating subparagraph (D) as sub-
 8 paragraph (E), and

9 (2) by inserting after subparagraph (C) the fol-
 10 lowing new subparagraph:

11 “(D) *DETERMINATION OF CAPACITY.*—For
 12 purposes of subparagraph (C), additions of ca-
 13 pacity of a facility shall be determined in any
 14 reasonable manner, including based on—

15 “(i) determinations by, or reports to,
 16 the Federal Energy Regulatory Commission
 17 (including interconnection agreements), the
 18 Nuclear Regulatory Commission, or any
 19 similar entity, reflecting additions of capac-
 20 ity,

21 “(ii) determinations or reports reflect-
 22 ing additions of capacity made by an inde-
 23 pendent professional engineer,

24 “(iii) reports to, or issued by, regional
 25 transmission organizations or independent

1 *system operators reflecting additions of ca-*
 2 *capacity, or*

3 *“(iv) any other method or manner pro-*
 4 *vided by the Secretary.”.*

5 *(h) PROHIBITION ON TRANSFER OF CREDITS TO SPEC-*
 6 *IFIED FOREIGN ENTITIES.—Section 6418(g) is amended by*
 7 *adding at the end the following new paragraph:*

8 *“(5) PROHIBITION ON TRANSFER OF CREDITS TO*
 9 *SPECIFIED FOREIGN ENTITIES.—With respect to any*
 10 *eligible credit described in clause (iii), (iv), (vi), (vii),*
 11 *(viii), or (xi) of subsection (f)(1)(A), an eligible tax-*
 12 *payer may not elect to transfer any portion of such*
 13 *credit to a taxpayer that is a specified foreign entity*
 14 *(as defined in section 7701(a)(51)(B)).”.*

15 *(i) EXTENSION OF PERIOD OF LIMITATIONS FOR ER-*
 16 *RORS RELATING TO DETERMINING OF MATERIAL ASSIST-*
 17 *ANCE FROM A PROHIBITED FOREIGN ENTITY.—Section*
 18 *6501 is amended—*

19 *(1) by redesignating subsection (o) as subsection*
 20 *(p), and*

21 *(2) by inserting after subsection (n) the following*
 22 *new subsection:*

23 *“(o) MATERIAL ASSISTANCE FROM A PROHIBITED*
 24 *FOREIGN ENTITY.—In the case of a deficiency attributable*
 25 *to an error with respect to the determination under section*

1 7701(a)(52) for any taxable year, such deficiency may be
 2 assessed at any time within 6 years after the return for
 3 such year was filed.”.

4 (j) *IMPOSITION OF ACCURACY-RELATED PENALTIES.*—

5 (1) *IN GENERAL.*—Section 6662 is amended by
 6 adding at the end the following new subsection:

7 “(m) *SUBSTANTIAL UNDERSTATEMENT OF INCOME*
 8 *TAX DUE TO DISALLOWANCE OF APPLICABLE ENERGY*
 9 *CREDITS.*—

10 “(1) *IN GENERAL.*—In the case of a taxpayer for
 11 which there is a disallowance of an applicable energy
 12 credit for any taxable year, for purposes of deter-
 13 mining whether there is a substantial understatement
 14 of income tax for such taxable year, subsection (d)(1)
 15 shall be applied—

16 “(A) in subparagraphs (A) and (B), by sub-
 17 stituting ‘1 percent’ for ‘10 percent’ each place it
 18 appears, and

19 “(B) without regard to subparagraph (C).

20 “(2) *DISALLOWANCE OF AN APPLICABLE ENERGY*
 21 *CREDIT.*—For purposes of this subsection, the term
 22 ‘disallowance of an applicable energy credit’ means
 23 the disallowance of a credit under section 45X, 45Y,
 24 or 48E by reason of overstating the material assist-
 25 ance cost ratio (as determined under section

1 7701(a)(52)) with respect to any qualified facility,
 2 energy storage technology, or facility which produces
 3 eligible components.”.

4 (2) CONFORMING AMENDMENT.—Section
 5 6417(d)(6) is amended by adding at the end the fol-
 6 lowing new subparagraph:

7 “(D) DISALLOWANCE OF AN APPLICABLE
 8 ENERGY CREDIT.—In the case of an applicable
 9 entity which made an election under subsection
 10 (a) with respect to an applicable credit for which
 11 there is a disallowance described in section
 12 6662(m)(2), subparagraph (A) shall apply with
 13 respect to any excessive payment resulting from
 14 such disallowance.”.

15 (k) PENALTY FOR SUBSTANTIAL MISSTATEMENTS ON
 16 CERTIFICATION PROVIDED BY SUPPLIER.—

17 (1) IN GENERAL.—Part I of subchapter B of
 18 chapter 68 is amended by inserting after section
 19 6695A the following new section:

20 **“SEC. 6695B. PENALTY FOR SUBSTANTIAL MISSTATEMENTS**
 21 **ON CERTIFICATION PROVIDED BY SUPPLIER.**

22 “(a) IMPOSITION OF PENALTY.—If—

23 “(1) a person—

24 “(A) provides a certification described in
 25 clause (iii)(II)(bb) of section 7701(a)(52)(D)

1 *with respect to any manufactured product, eligi-*
 2 *ble component, or constituent element, material,*
 3 *or subcomponent of an eligible component, and*

4 *“(B) knows, or reasonably should have*
 5 *known, that the certification would be used in*
 6 *connection with a determination under such sec-*
 7 *tion,*

8 *“(2) such person knows, or reasonably should*
 9 *have known, that such certification is inaccurate or*
 10 *false with respect to—*

11 *“(A) whether such property was produced or*
 12 *manufactured by a prohibited foreign entity, or*

13 *“(B) the total direct costs or total direct*
 14 *material costs of such property that was not pro-*
 15 *duced or manufactured by a prohibited foreign*
 16 *entity that were provided on such certification,*
 17 *and*

18 *“(3) the inaccuracy or falsity described in para-*
 19 *graph (2) resulted in the disallowance of an applica-*
 20 *ble energy credit (as defined in section 6662(m)(2))*
 21 *and an understatement of income tax (within the*
 22 *meaning of section 6662(d)(2)) for the taxable year in*
 23 *an amount which exceeds the lesser of—*

24 *“(A) 5 percent of the tax required to be*
 25 *shown on the return for the taxable year, or*

1 “(B) \$100,000,
2 *then such person shall pay a penalty in the amount*
3 *determined under subsection (b).*

4 “(b) *AMOUNT OF PENALTY.*—*The amount of the pen-*
5 *alty imposed under subsection (a) on any person with re-*
6 *spect to a certification shall be equal to the greater of—*

7 “(1) *10 percent of the amount of the under-*
8 *payment (as defined in section 6664(a)) solely attrib-*
9 *utable to the inaccuracy or falsity described in sub-*
10 *section (a)(2), or*

11 “(2) *\$5,000.*

12 “(c) *EXCEPTION.*—*No penalty shall be imposed under*
13 *subsection (a) if the person establishes to the satisfaction*
14 *of the Secretary that any inaccuracy or falsity described*
15 *in subsection (a)(2) is due to a reasonable cause and not*
16 *willful neglect.*

17 “(d) *DEFINITIONS.*—*Any term used in this section*
18 *which is also used in section 7701(a)(52) shall have the*
19 *meaning given such term in such section.”.*

20 (2) *CLERICAL AMENDMENTS.*—

21 (A) *Section 6696 is amended—*

22 (i) *in the heading, by striking “AND*
23 **6695A”** *and inserting “***6695A, AND 6695B***”,*

1 (ii) in subsections (a), (b), and (e), by
 2 striking “and 6695A” each place it appears
 3 and inserting “6695A, and 6695B”,

4 (iii) in subsection (c), by striking “or
 5 6695A” and inserting “6695A, or 6695B”,
 6 and

7 (iv) in subsection (d)—

8 (I) in paragraph (1), by inserting
 9 “(or, in the case of any penalty under
 10 section 6695B, 6 years)” after “as-
 11 sessed within 3 years”, and

12 (II) in paragraph (2), by insert-
 13 ing “(or, in the case of any claim for
 14 refund of an overpayment of any pen-
 15 alty assessed under section 6695B, 6
 16 years)” after “filed within 3 years”.

17 (B) The table of sections for part I of sub-
 18 chapter B of chapter 68 is amended by inserting
 19 after item relating to section 6695A the following
 20 new item:

“Sec. 6695B. Penalty for substantial misstatements on certification provided by
 supplier.”.

21 (l) *EFFECTIVE DATES.*—

22 (1) *IN GENERAL.*—Except as provided in para-
 23 graphs (2), (3), and (4), the amendments made by

(3) *PENALTY FOR SUBSTANTIAL MISSTATEMENTS ON CERTIFICATION PROVIDED BY SUPPLIER.*—The amendments made by subsection (k) shall apply to certifications provided after December 31, 2025.

16 **SEC. 70513. TERMINATION AND RESTRICTIONS ON CLEAN**
17 **ELECTRICITY INVESTMENT CREDIT.**

20 (1) in paragraph (1), by striking “The amount
21 of” and inserting “Subject to paragraph (4), the
22 amount of”, and

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1 “(4) *TERMINATION FOR WIND AND SOLAR FACILI-*
2 *TIES.*—

3 “(A) *IN GENERAL.*—*This section shall not*
4 *apply to any qualified property placed in service*
5 *by the taxpayer after December 31, 2027, which*
6 *is part of an applicable facility.*

7 “(B) *APPLICABLE FACILITY.*—*For purposes*
8 *of this paragraph, the term ‘applicable facility’*
9 *means a qualified facility which—*

10 “(i) *uses wind to produce electricity*
11 *(within the meaning of such term as used*
12 *in section 45(d)(1), as determined without*
13 *regard to any requirement under such sec-*
14 *tion with respect to the date on which con-*
15 *struction of property begins), or*

16 “(ii) *uses solar energy to produce elec-*
17 *tricity (within the meaning of such term as*
18 *used in section 45(d)(4), as determined*
19 *without regard to any requirement under*
20 *such section with respect to the date on*
21 *which construction of property begins).*

22 “(C) *EXCEPTION.*—*This paragraph shall*
23 *not apply with respect to any energy storage*
24 *technology which is placed in service at any ap-*
25 *plicable facility.”.*

1 (b) *RESTRICTIONS RELATING TO PROHIBITED FOR-*
 2 *EIGN ENTITIES.*—

3 (1) *IN GENERAL.*—Section 48E is amended—

4 (A) in subsection (b)—

5 (i) by redesignating paragraph (6) as
 6 paragraph (7), and

7 (ii) by inserting after paragraph (5)
 8 the following new paragraph:

9 “(6) *MATERIAL ASSISTANCE FROM PROHIBITED*
 10 *FOREIGN ENTITIES.*—The terms ‘qualified facility’
 11 *and ‘qualified interconnection property’ shall not in-*
 12 *clude any facility or property the construction, recon-*
 13 *struction, or erection of which begins after December*
 14 *31, 2025, if the construction, reconstruction, or erec-*
 15 *tion of such facility or property includes any mate-*
 16 *rial assistance from a prohibited foreign entity (as*
 17 *defined in section 7701(a)(52)).”*, and

18 (B) in subsection (c), by adding at the end
 19 the following new paragraph:

20 “(3) *MATERIAL ASSISTANCE FROM PROHIBITED*
 21 *FOREIGN ENTITIES.*—The term ‘energy storage tech-
 22 *nology’ shall not include any property the construc-*
 23 *tion of which begins after December 31, 2025, if the*
 24 *construction of such property includes any material*

1 assistance from a prohibited foreign entity (as defined
2 in section 7701(a)(52)).”.

3 (2) *ADDITIONAL RESTRICTIONS.—Section 48E(d)*
4 *is amended by adding at the end the following new*
5 *paragraph:*

6 “(6) *RESTRICTIONS RELATING TO PROHIBITED*
7 *FOREIGN ENTITIES.—*

8 “(A) *IN GENERAL.—No credit shall be deter-*
9 *mined under subsection (a) for any taxable year*
10 *if the taxpayer is—*

11 “(i) *a specified foreign entity (as de-*
12 *finied in section 7701(a)(51)(B)), or*

13 “(ii) *a foreign-influenced entity (as de-*
14 *finied in section 7701(a)(51)(D), without re-*
15 *gard to clause (i)(II) thereof).*

16 “(B) *EFFECTIVE CONTROL.—In the case of*
17 *a taxpayer for which section*
18 *7701(a)(51)(D)(i)(II) is determined to apply for*
19 *any taxable year, no credit shall be determined*
20 *under subsection (a) for such taxable year if such*
21 *determination relates to a qualified facility de-*
22 *scribed in subsection (b)(3) or energy storage*
23 *technology described in subsection (c)(2).”.*

24 (3) *RECAPTURE.—*

1 (A) *IN GENERAL.*—Section 50(a) is amend-
2 ed—

3 (i) *by redesignating paragraphs (4)*
4 *through (6) as paragraphs (5) through (7),*
5 *respectively,*

6 (ii) *by inserting after paragraph (3)*
7 *the following new paragraph:*

8 “(4) *PAYMENTS TO PROHIBITED FOREIGN ENTI-*
9 *TIES.*—

10 “(A) *IN GENERAL.*—If there is an applica-
11 *ble payment made by a specified taxpayer before*
12 *the close of the 10-year period beginning on the*
13 *date such taxpayer placed in service investment*
14 *credit property which is eligible for the clean*
15 *electricity investment credit under section*
16 *48E(a), then the tax under this chapter for the*
17 *taxable year in which such applicable payment*
18 *occurs shall be increased by 100 percent of the*
19 *aggregate decrease in the credits allowed under*
20 *section 38 for all prior taxable years which*
21 *would have resulted solely from reducing to zero*
22 *any credit determined under section 46 which is*
23 *attributable to the clean electricity investment*
24 *credit under section 48E(a) with respect to such*
25 *property.*

1 “(B) *APPLICABLE PAYMENT*.—For purposes
 2 of this paragraph, the term ‘applicable payment’
 3 means, with respect to any taxable year, a pay-
 4 ment or payments described in section
 5 7701(a)(51)(D)(i)(II).

6 “(C) *SPECIFIED TAXPAYER*.—For purposes
 7 of this paragraph, the term ‘specified taxpayer’
 8 means any taxpayer who has been allowed a
 9 credit under section 48E(a) for any taxable year
 10 beginning after the date which is 2 years after
 11 the date of enactment of this paragraph.”,

12 (iii) in paragraph (5), as redesignated
 13 by clause (i), by striking “or any applicable
 14 transaction to which paragraph (3)(A) ap-
 15 plies,” and inserting “any applicable trans-
 16 action to which paragraph (3)(A) applies,
 17 or any applicable payment to which para-
 18 graph (4)(A) applies,” and

19 (iv) in paragraph (7), as redesignated
 20 by clause (i), by striking “or (3)” and in-
 21 serting “(3), or (4)”.

22 (B) *CONFORMING AMENDMENTS*.—

23 (i) Section 1371(d)(1) is amended by
 24 striking “section 50(a)(5)” and inserting
 25 “section 50(a)(6)”.