

# 5 things to know about the Inflation Reduction Act and clean energy funding initiatives

The recently passed Inflation Reduction Act (IRA) will support approximately **\$370 billion** in climate and energy proposals. Here are five things to know about this clean energy bill.

**1** The Inflation Reduction Act (IRA) includes a total of \$739 billion in funding for climate and healthcare initiatives. Approximately **\$370 billion** is dedicated specifically to **climate and energy tax credits** for hydrogen, nuclear and renewables such as wind and solar.

**2** The IRA modifies and expands **electric vehicle (EV) and electric vehicle charging infrastructure (EVCI) tax credits** and creates grant programs and investment tax credits to build clean technology manufacturing facilities.

**3** Under the IRA, the commercial investment tax credit (ITC) —which provides tax credits to qualifying clean energy improvement projects—is extended to 2024 and qualifying project eligibility is expanded to include **microgrid controllers, energy storage and hydropower environmental improvements** among others.

**4** The ITC will include a base credit of 6%, or 30% if certain prevailing wage and apprenticeship requirements are met with additional credits available for projects that meet **domestic content requirements** and **qualifying environment and energy community projects**.

**5** In addition to the ITC, several other tax credits and rebate programs have been introduced to support **energy efficiency improvements and electrification projects for homeowners**.

Eaton stands ready to support the modernization of our nation's critical infrastructure and investment in a clean energy future.

Disclaimer: The determination of eligibility for such tax credits is difficult and likely subject to increased IRS scrutiny and therefore should be discussed in detail with a tax advisor. Eaton does not provide tax advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on, for tax advice. Consult with your tax advisor to ensure that various criteria are met in order to claim these tax benefits.



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