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to the carbon capture credit in the new law. After carefully considering the comments, the ...

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The image shows a collage of three IRS tax forms. At the top is Form 1065, 'U.S. Return of Partnership Income', for calendar year 2005. Below it is Form 1120S, 'U.S. Income Tax Return for an S Corporation', also for calendar year 2005. At the bottom is Form 1120, 'U.S. Corporation Income Tax Return', for calendar year 2005. The forms are overlapping and show various sections like 'Principal business activities', 'Effective date of S election', and 'Check if:'. The IRS logo and 'Department of the Treasury Internal Revenue Service' are visible on each form.

The Internal Revenue Service has issued guidance to help businesses understand how legislation passed in 2018 may benefit those claiming carbon capture credits. Today's guidance addresses the definition of "beginning of construction" and provides a safe harbor for partnership allocations of the credit.

After the enactment of the Bipartisan Budget Agreement in February 2018, the IRS issued [Notice 2019-32](#) requesting comments from taxpayers regarding the changes to the carbon capture credit in the new law. After carefully considering the comments,

the IRS is issuing guidance to provide clarity, especially regarding the definition of

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partnerships receiving the wind energy production tax credit and the rehabilitation credit. The safe harbor simplifies the application of carbon capture credit rules to partnerships able to claim the credit.

The IRS anticipates issuing further guidance in the near future on issues ranging from secure geological storage to utilization to recapture of the credit for those claiming credits for carbon capture.

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