



GRANT FUNDING SERIES · FEDERAL ENERGY
AWARDS · EC-WP-902

IRA Compliance Documentation Checklist

*An eight-layer documentation discipline for projects
claiming ITC, PTC, and IRA bonus credits.*

IRA credits are usually lost at examination, not at filing. This checklist scores 45 documentation items across eight layers and turns every gap into a 30/60/90 action before the project is placed in service.

Energy Compliance, Inc. Professional Reference

Disclaimer & Legal Notice

This document is a structured documentation diagnostic for energy projects claiming Investment Tax Credit, Production Tax Credit, and Inflation Reduction Act bonus credits. It is not tax advice, legal opinion, or a substitute for engagement of qualified tax counsel, certified public accountants, or appraisal professionals. Credit positions on any specific project should be reviewed by qualified tax advisors familiar with the project's structure, ownership, and intended credit claim.

Cited Internal Revenue Code provisions, regulations, and threshold parameters reflect the Code as amended by the Inflation Reduction Act of 2022 (Public Law 117-169) and by Public Law 119-21 (July 4, 2025), commonly called the One Big Beautiful Bill Act, together with Treasury regulations and IRS notices in effect on October 17, 2026. Treasury and IRS guidance on these credits continues to change. Verify currency against issued final regulations, Notices, Revenue Procedures, and any project-specific Private Letter Rulings before relying on any threshold or interpretation cited here.

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Foreword

IRA credit positions tend to break at examination, not at filing. The filed return looks correct. The supporting documentation, pulled three years later when the agent asks for it, does not. In my view, the five-times multiplier on the prevailing wage and apprenticeship rules is the highest-stakes math in modern energy tax. Miss the documentation discipline and the credit falls to one-fifth of what the project planned for. The shortfall reaches the year the credit is determined and, for a production credit, every year of the credit period.

This is the third reference in the Energy Compliance, Inc. Grant Funding Series. The first surfaces readiness before applications go in. The second surfaces post-award compliance risk during the period of performance. This one is built for the IRA-credit project. The audience is the project owner, tax director, finance lead, or controller who carries the project's ITC, PTC, or bonus-credit position, not the preparer who files the return. The discipline I am describing gets built upstream of the filing, during construction, while the documentation can still be assembled in real time instead of reconstructed under examination pressure.

A common pattern runs like this. The tax position gets opined on at financial close. Construction begins. Prevailing wage and apprenticeship records pile up in contractor portals nobody at the owner is reviewing. Domestic content certifications arrive from suppliers and get stapled to procurement files without anyone calculating the actual percentage. Energy community status gets asserted from a map the project team pulled

once, eighteen months earlier. The project is placed in service and the return gets filed. Then, sometimes years later, the examiner asks for the underlying documentation, and the discipline that was supposed to exist is not there.

This diagnostic is built backward from that examination. Eight layers, each carrying five or six documentation items the project should be able to evidence on the day it is placed in service and again on the day of examination. The items are not exhaustive. They are the items that decide whether the credit position survives. Score each one Documentation Complete, In Progress, or Missing. The 30/60/90 actions on every In Progress and Missing item name what closes the gap before the project is placed in service.

This reference is the same diagnostic Energy Compliance, Inc. uses in its IRA Documentation Support engagement. The difference between the document and the engagement is that the engagement carries the discipline alongside you during construction, not afterward.

Rob Smith

Founder and Principal, Energy Compliance, Inc.

How to Use This Checklist

Three steps. Get them right and the credit position is defensible. Get them loose and the examination becomes a reconstruction exercise.

Step One. Score the documentation that exists today, not the documentation you plan to assemble. Documentation Complete means a qualified third-party reviewer could pull the file and verify the position without follow-up questions. In Progress means the work has started and the structure is in place, but the file is not complete. Missing means no documentation exists, or what exists cannot be located by anyone currently on the project team.

Step Two. Translate every In Progress and Missing item into a 30/60/90 action. IRA documentation is time-sensitive. The prevailing wage window is the construction window itself. The domestic content calculation lives in the procurement window. For the investment credits, energy community status is tested at the placed-in-service date. Each layer has its own critical path, and a gap nobody owns stays open until the examination notice arrives.

Step Three. Re-score at three project milestones. Score once at construction start, to confirm the documentation infrastructure is built. Score again at substantial completion, to confirm the construction-phase records are in order. Score a third time at placed-in-service, to confirm the final credit-claim file is assembled. A discipline run on a milestone cadence catches gaps while they can still be closed. A discipline run only when the return is being prepared catches them when the filing date is already too close.

The scale runs three bands per item. Documentation Complete contributes 0 risk points, In Progress contributes 1, and Missing contributes 2. The maximum across the 45 items is 90. Chapter 9 interprets the total.

Executive Summary

Credits under §§ 45, 45Y, 48, and 48E are claimed on a return but defended with records. The return can be filed on time and still fail years later if the file behind it cannot show beginning of construction, prevailing wage and apprenticeship compliance, the domestic content percentage, energy community status, and the registration and transfer paperwork the monetization path requires. This checklist organizes those records into eight layers and 45 scored items.

Since the first edition, Public Law 119-21, enacted July 4, 2025, ends the § 45Y and § 48E credits for wind and solar facilities placed in service after December 31, 2027, unless construction began by July 4, 2026. IRS Notice 2025-42 then limited most wind and solar projects to the Physical Work Test for that deadline, but the U.S. District Court for the District of Columbia vacated and remanded the notice on June 6, 2026 (*Oregon Environmental Council v. IRS*, No. 25-4400 (CKK)). Unless and until the IRS reissues guidance, the earlier beginning-of-construction notices, applied to §§ 45Y and 48E by Notice 2022-61, govern, so the Physical Work Test and the Five Percent Safe Harbor are both available. Document both methods where you can. The government's appeal window closed August 5, 2026, and its extension window September 4, 2026 (Fed. R. App. P. 4(a)(1)(B), 4(a)(5)); check the docket before relying on this. The same law adds prohibited foreign entity restrictions, eliminates elective payment for §§ 45Y and 48E facilities of 1 MW or more that began construction after 2025 without meeting domestic content, and raises the domestic content percentage for § 48E to 45 percent for construction beginning on or after June 16, 2025. Energy storage technology is exempt from the wind and solar termination. The chapters below reflect these changes.

- The five-times multiplier is the largest lever in the file. It depends on prevailing wage and apprenticeship records from every contractor tier, collected during construction.
- Prevailing wage failures can be cured after filing, even after an IRS determination, but the cure costs back wages, interest, and a \$5,000 penalty per affected worker. Correcting quickly can waive the penalty.
- Beginning-of-construction evidence now carries more weight than it did. For wind and solar, the July 4, 2026 deadline has passed, and the evidence that construction began before it is the credit.
- The domestic content and energy community bonuses are documentation-heavy and time-specific. Both need records locked to the right date.
- Direct pay and transfer each need an IRS pre-filing registration number for every credit property. A transferee that claims more credit than the facility earned owes the excess plus 20 percent.
- An indexed credit file, a master documentation memo, and records retained through the assessment period turn an examination from reconstruction into retrieval.

1 Base Credit Eligibility

The foundational layer. Before any bonus applies, base credit eligibility has to be documented. Six items.

1.1 Credit Selection and Section Determination

Why it matters. Section 45 and § 48 generally cover facilities and energy property whose construction began before January 1, 2025. The technology-neutral Clean Electricity Production Credit under § 45Y and Clean Electricity Investment Credit under § 48E apply to facilities placed in service after December 31, 2024. Other credits, including § 45X advanced manufacturing, § 45V clean hydrogen, and § 45Q carbon capture, carry their own eligibility rules. Public Law 119-21 then added three conditions every 2026 file has to address: the wind and solar termination in §§ 45Y(d)(4) and 48E(e)(4), the prohibited foreign entity restrictions, and the elective payment limits discussed in 7.2. A misidentified credit section produces return errors that take years to unwind.

Documentation Complete. The credit section is documented in the project file with the analysis supporting the determination. Beginning-of-construction date and placed-in-service date are both documented. Technology classification is mapped to the applicable Code section, and the Public Law 119-21 conditions are addressed.

In Progress. The credit section has been identified, but the underlying analysis is informal or relies on undocumented assumptions about beginning of construction.

Missing. No documented credit section determination, or the determination has not been re-evaluated against the Code as amended in 2025.

30 / 60 / 90.

- 30: Document the credit section determination. Confirm the beginning-of-construction date and method.
- 60: Map the technology to the applicable Code section. Test it against the wind and solar termination and the prohibited foreign entity rules. Lock the determination in the project file.
- 90: Confirm with tax counsel. Capture the written confirmation in the credit file.

The 2025 Law Changes in One Place

Wind and solar: §§ 45Y and 48E do not apply to wind or solar facilities placed in service after December 31, 2027, unless construction began on or before July 4, 2026. Energy storage technology placed in service at a wind or solar facility is excepted from that rule (§ 48E(e)(4)(C)).

Prohibited foreign entities: a qualified facility or energy storage technology whose construction begins after December 31, 2025 does not qualify if its construction includes material assistance from a prohibited foreign entity (§§ 45Y(b)(1)(E), 48E(b)(6) and (c)(3), and § 7701(a)(52)). The taxpayer itself also cannot be a specified foreign entity or foreign-influenced entity. IRS Notice 2026-15 provides interim safe harbors for the material assistance cost ratio, including reliance on supplier certifications.

Phase-out: for other technologies, §§ 45Y(d) and 48E(e) step the credit down beginning with construction in 2034. Construction beginning in 2033 keeps 100 percent, 2034 gets 75 percent, 2035 gets 50 percent, and later years get zero.

1.2 Placed-in-Service Date Documentation

Why it matters. The placed-in-service date determines the taxable year in which the credit is available, the depreciation start, and the date on which several bonus determinations are measured. Under Treas. Reg. § 1.46-3(d), property is placed in service when it is in a condition or state of readiness and availability for a specifically assigned function. That is a facts-and-circumstances test. For wind and solar under §§ 45Y and 48E, the date also decides whether the project beat the December 31, 2027 termination. Records made at the time of the event are stronger evidence than reconstruction.

Documentation Complete. The placed-in-service date is documented through records made at the time: commissioning certificate, utility interconnection energization letter, permission to operate, initial revenue meter reading, completion certificate. The date is consistent across all records.

In Progress. Some placed-in-service evidence exists, but documentation is incomplete or inconsistent across sources.

Missing. No formal placed-in-service documentation. The date rests on project management memory.

30 / 60 / 90.

- 30: Identify the placed-in-service trigger events for the project type. Inventory the available documentation.
- 60: Collect the contemporaneous records. Reconcile any date inconsistencies.
- 90: Lock the placed-in-service date in the credit file with all supporting records.

1.3 Eligible Basis Determination

Why it matters. The investment credit is calculated against eligible basis, and not every project cost belongs in it. Energy property must be property for which depreciation is allowable (§ 48(a)(3)(C)), so land is out, along with costs that are not tied to energy property or qualified

interconnection property. Basis is where an examiner will look first, because every dollar of overstated basis carries a credit dollar with it.

Documentation Complete. The eligible basis schedule is reconciled to the project cost ledger. Inclusions and exclusions are documented with the regulatory basis for each. Capitalization decisions are documented.

In Progress. A basis schedule exists, but reconciliation to the project ledger is informal.

Missing. No documented eligible basis schedule. The credit is calculated against gross project cost.

30 / 60 / 90.

- 30: Build the eligible basis schedule from the project cost ledger.
- 60: Document inclusions and exclusions against the regulatory standard for the applicable credit section.
- 90: Reconcile to the books. Lock the schedule with sign-off from the tax advisor and finance.

1.4 Ownership Structure and Tax Equity Documentation

Why it matters. The credit belongs to the taxpayer that owns the energy property for federal tax purposes when it is placed in service. Tax equity partnerships, lease structures, sale-leasebacks, and partnership flips each carry their own documentation requirements, and those documents decide which party claims the credit and on what basis. A structural defect found at examination can take the entire credit claim with it.

Documentation Complete. The ownership structure is documented through fully executed agreements: limited partnership agreements, operating agreements, lease agreements, sale-leaseback documentation. Tax equity allocations are documented with capital account schedules.

In Progress. The structure is documented, but agreements are not fully executed, or capital accounts are not kept current.

Missing. Ownership structure documentation is incomplete or inconsistent.

30 / 60 / 90.

- 30: Inventory all executed structural agreements. Identify any not yet finalized.
- 60: Execute the outstanding agreements. Confirm tax equity capital account maintenance.
- 90: Build the ownership timeline. Document any structural changes from financial close through placed-in-service.

1.5 Recapture Risk Assessment

Why it matters. Investment credit property carries a five-year recapture period under § 50(a). If the property is disposed of or stops qualifying, a recapture percentage applies: 100 percent within the first full year after placed-in-service, stepping down by 20 points a year to 20 percent in the fifth. Section 48(a)(10) adds a second exposure. The prevailing wage requirement covers

alteration and repair work for five years after the project is placed in service, and a failure in that period is recaptured under rules similar to § 50(a). Documentation that supports continued eligibility through the window keeps the project from creating credit liability after the fact.

Documentation Complete. The recapture risk assessment is documented. Triggering events are identified. Monitoring is in place for the five-year window, including prevailing wage on alteration and repair work.

In Progress. Recapture is acknowledged, but no structured monitoring is in place.

Missing. No recapture risk assessment.

30 / 60 / 90.

- 30: Document the recapture window for the project. Identify potential triggers.
- 60: Stand up the monitoring cadence. Calendar the recapture-window expiration.
- 90: Train operating staff on the triggers most likely to arise from normal operations, including O&M contracts that must carry prevailing wage terms.

1.6 Coordination with Other Financing and Federal Incentives

Why it matters. Other financing and federal incentives interact with the credits under specific rules. Tax-exempt bond financing reduces the credit under § 45(b)(3), a rule that §§ 48(a)(4), 45Y(g)(8), and 48E(d)(2) carry over, by the lesser of 15 percent or the bond-financed share of the facility's capital. Grants and loan programs carry their own terms that can affect basis or the credit. An incentive stack that nobody analyzed is a finding waiting to happen.

Documentation Complete. The financing and incentive stack is documented. The bond-financing reduction and any basis effects are analyzed and documented. Grant and loan documentation is consistent with the credit claim.

In Progress. The incentive stack is identified, but the coordination analysis is informal.

Missing. No coordination analysis. The credit is calculated without regard to bond financing, grants, or loans.

30 / 60 / 90.

- 30: Inventory the financing and federal incentive stack on the project.
- 60: Perform the reduction and basis analysis. Document it with tax advisor sign-off.
- 90: Reconcile the credit calculation against the incentive stack. Update the eligible basis schedule.

2 Beginning of Construction

Beginning of construction (BOC) determines which credit regime applies, the domestic content percentage, whether prevailing wage and apprenticeship rules apply at all (projects that began construction before January 29, 2023 are exempt under Treas. Reg. §§ 1.45-6 and 1.48-13), and, for wind and solar, whether the project escaped the 2027 termination. Five items.

2.1 BOC Method Selection (Physical Work Test or Five Percent Safe Harbor)

Why it matters. Under IRS Notice 2013-29 and the notices that followed it, applied to §§ 45Y and 48E by Notice 2022-61, BOC is established under one of two methods: the Physical Work Test or the Five Percent Safe Harbor. Each carries its own documentation requirements. For the July 4, 2026 wind and solar deadline, Notice 2025-42 narrowed the choice. It made the Physical Work Test the only method, except for solar facilities with maximum net output of 1.5 MW AC or less, which could still use the Five Percent Safe Harbor, and it applied to wind and solar facilities that had not begun construction before September 2, 2025. On June 6, 2026, the U.S. District Court for the District of Columbia vacated and remanded Notice 2025-42 (*Oregon Environmental Council v. IRS*, No. 25-4400 (CKK)), so the earlier notices govern and both methods are available unless and until the IRS reissues guidance. For a project relying on the July 4, 2026 deadline, the file should evidence both tests, because that guidance could be reissued. Method selection without documented analysis leaves doubt about whether BOC was achieved at all.

Documentation Complete. The BOC method is selected and documented at the time construction begins, and the analysis supports the chosen method. For wind and solar, the file shows which notice governs the project and why, records the June 6, 2026 vacatur of Notice 2025-42, and states which BOC test or tests the project satisfied as of July 4, 2026. Alternative methods are evaluated where a failure would be material.

In Progress. Method selection is asserted, but documentation is informal.

Missing. No documented BOC method selection.

30 / 60 / 90.

- 30: Document the BOC method selected for the project. Identify the date of establishment and the governing notice.
- 60: Collect the contemporaneous evidence supporting the method.
- 90: Confirm with tax counsel. Lock the method determination in the credit file.

2.2 Physical Work Test Documentation

Why it matters. The Physical Work Test requires physical work of a significant nature to have begun by the BOC date. The test looks at the nature of the work, not its amount or cost. Both

on-site and off-site work count, including work performed for the taxpayer under a binding written contract entered into before the work starts. Preliminary activities such as planning, design, permitting, and financing do not qualify, and neither does work on inventory. The file has to show what work was performed, when, and why it was significant.

Documentation Complete. Photographs, invoices, contractor logs, binding contracts, and inspection records evidence significant physical work performed by the BOC date. Records are date-stamped and tied to specific scope items.

In Progress. Some evidence exists, but documentation is fragmentary or undated.

Missing. No contemporaneous evidence of significant physical work by the asserted BOC date.

30 / 60 / 90.

- 30: Inventory the available physical work evidence. Identify gaps.
- 60: Collect supplementary evidence from contractors and inspectors where it can still be reconstructed.
- 90: Document the significance of the work performed. Lock the evidence file.

2.3 Five Percent Safe Harbor Documentation

Why it matters. Where the safe harbor is still available, the taxpayer must have paid or incurred at least five percent of the total cost of the facility by the BOC date. The accounting method matters. Costs count only when paid or incurred under the taxpayer's method of accounting, and the file must show both the costs incurred and the total facility cost the percentage is measured against. If the final cost runs higher than estimated, the percentage has to be re-tested against the actual total.

Documentation Complete. The cost ledger evidences five percent paid or incurred by the BOC date. The total facility cost basis is documented, and the calculation is reviewable against the actual cost at completion.

In Progress. Cost evidence exists, but the percentage calculation has not been performed against a documented total cost.

Missing. No documented Five Percent Safe Harbor calculation.

30 / 60 / 90.

- 30: Pull the cost ledger as of the BOC date. Document the costs paid or incurred.
- 60: Document the total facility cost basis. Perform the percentage calculation.
- 90: Lock the calculation in the credit file with supporting ledger detail. Re-test at completion.

2.4 Continuity Requirement Compliance

Why it matters. Once BOC is established, the project has to show continuous progress toward completion. The Continuity Safe Harbor is met if the facility is placed in service by the end of the fourth calendar year after the year construction began (Notice 2016-31, applied to §§ 45Y and 48E by Notice 2022-61 § 5). Notice 2021-5 extends that to ten calendar years for offshore and federal land projects. Outside the safe harbor, continuity is a facts-and-circumstances test, and

excusable disruptions are documented to support it. A project that fails continuity loses its BOC date and has to establish a new one, often under a less favorable regime.

Documentation Complete. Continuity is documented through progress records: construction milestones, contractor activity logs, project status reports. Safe harbor compliance is calculated. Excusable disruption documentation is kept for any pause.

In Progress. Continuity is asserted, but documentation is informal.

Missing. No continuity documentation. Project status during the post-BOC period was not recorded at the time.

30 / 60 / 90.

- 30: Build the continuity timeline. Identify the applicable safe harbor deadline.
- 60: Collect progress documentation for the post-BOC period.
- 90: Document any pause periods and the basis for excusable disruption, if claimed.

2.5 BOC Determination Memo

Why it matters. The BOC determination is foundational. A written determination memo, prepared at the time construction begins and signed by tax counsel, anchors the entire credit position. A memo written years later under examination pressure is, in my judgment, far easier to attack.

Documentation Complete. A contemporaneous BOC determination memo is in the credit file. It cites the method, the underlying evidence, and any continuity considerations.

In Progress. A memo exists but is undated, unsigned, or lacks the underlying analysis.

Missing. No BOC determination memo.

30 / 60 / 90.

- 30: Identify whether a contemporaneous BOC memo exists.
- 60: If none exists, work with tax counsel to prepare one from the contemporaneous evidence. Note the preparation date clearly.
- 90: Lock the memo in the credit file with all underlying evidence.

3 Prevailing Wage Compliance

Prevailing wage compliance under § 45(b)(7) and § 48(a)(10), which §§ 45Y(g)(9) and 48E(d)(3) apply by cross-reference, is one of the two conditions for the five-times multiplier (§§ 45(b)(6), 48(a)(9), 45Y(a)(2)(B), 48E(a)(2)). It applies to projects whose construction began on or after January 29, 2023, unless the facility is under 1 MW AC. Six items.

3.1 Applicability Determination and Wage Determination Selection

Why it matters. The requirement covers laborers and mechanics employed by the taxpayer or any contractor or subcontractor in construction of the facility, and in alteration or repair during the credit period for § 45 or the five years after placed-in-service for § 48. Department of Labor general wage determinations set the rate for each classification. Under Treas. Reg. § 1.45-7(b) (5), the applicable rates are those in effect when the construction contract is executed, and the determination must match the project's geographic area and type of construction. Where no general wage determination covers a classification, a supplemental determination or additional classification has to be requested. The wrong determination produces underpayment exposure for every covered worker on the project.

Documentation Complete. The applicable DOL wage determinations are pulled and documented as of the contract execution date. Geographic and construction-type applicability is documented. Determinations are locked in the project file.

In Progress. Wage determinations are identified, but the pull date and applicability analysis are informal.

Missing. No documented wage determination selection.

30 / 60 / 90.

- 30: Pull the applicable DOL wage determinations for the project's geographic area and type of construction.
- 60: Document the contract execution date and the applicability analysis.
- 90: Lock the determinations in the project file. Track the determinations that will govern alteration and repair contracts after placed-in-service.

3.2 Payroll Record Collection from All Contractors and Subcontractors

Why it matters. Treas. Reg. § 1.45-12(b) requires the taxpayer to keep, at a minimum, payroll records for each laborer and mechanic, including each qualified apprentice, employed by the taxpayer, contractor, or subcontractor. Section 1.45-12(c) lists what else may support compliance, starting with fully completed Forms WH-347. The Code does not mandate weekly certified payroll, but collecting payroll records every pay period from every tier is the practical

way to meet the requirement. A gap in any tier produces correction exposure on that tier and weakens the whole position.

Documentation Complete. Payroll records, ideally WH-347 or equivalent, are collected every pay period from every tier of contractors and subcontractors. Collection is current. Missing periods are flagged and pursued.

In Progress. Payroll records are collected from prime contractors, but subcontractor collection is incomplete or inconsistent.

Missing. Payroll records are not systematically collected.

30 / 60 / 90.

- 30: Inventory contractors and subcontractors. Map the subcontracting tiers.
- 60: Implement the collection cadence. Pull missing payrolls for past periods.
- 90: Build the payroll review SOP. Train project management staff.

3.3 Substantive Wage Review

Why it matters. Collecting payroll without reviewing it does nothing for the credit. Reviews must check wage rate, classification, fringe benefit treatment, and apprentice ratios against the applicable wage determination. Timing matters in the regulation itself. Under Treas. Reg. § 1.45-7(c)(6), the \$5,000 per-worker penalty is waived if the correction payment is made by the last day of the month after the quarter in which the failure occurred, and either the worker was underpaid for not more than 10 percent of the pay periods in the calendar year or the underpayment was not more than 5 percent of the wages required. Quarterly review matters for a different reason: whether the taxpayer reviewed wages paid at least quarterly is one of the factors the regulation weighs in deciding intentional disregard (Treas. Reg. § 1.45-7(c)(3)(iii)(F)). A failure found in review is cheap to fix. A failure found at examination still can be fixed, but it costs more.

Documentation Complete. Each payroll receives substantive review against the applicable wage determination, at least quarterly. Review documentation is in the file. Exceptions are flagged and corrected.

In Progress. Reviews occur but are administrative rather than substantive.

Missing. No substantive review of payroll records.

30 / 60 / 90.

- 30: Build the review checklist mapping payroll lines to wage determination requirements.
- 60: Implement the review cadence, at least quarterly. Document findings.
- 90: Correct identified exceptions through payments to the affected workers. Document the corrective action.

3.4 Correction and Penalty Payment Documentation

Why it matters. Section 45(b)(7)(B) lets a taxpayer that underpaid prevailing wages be treated as compliant if it pays each affected worker the shortfall plus interest at the § 6621 underpayment rate increased by three percentage points, and pays the IRS a \$5,000 penalty for

each underpaid worker. Where the failure is due to intentional disregard, the worker payment triples and the penalty rises to \$10,000. Correction remains available after the return is filed. Even after a final IRS determination, the payments must be made within 180 days of that determination for the cure to apply. Documentation proves the cure happened and how it was calculated.

Documentation Complete. Correction records identify each worker, the period, the amount underpaid, the amount paid with interest, any penalty paid or waived, and the payment date. Records show the calculation and the timing.

In Progress. Corrections have been made, but documentation is incomplete.

Missing. Underpayments are identified without documented correction, or no review process surfaces underpayments to correct.

30 / 60 / 90.

- 30: Inventory identified underpayments from the payroll review.
- 60: Make the correction and penalty payments. Document each one.
- 90: Build the correction workflow into the review SOP so future failures are corrected inside the penalty-waiver window.

3.5 Penalty Waiver and Intentional Disregard Documentation

Why it matters. Two determinations turn on what the taxpayer did before anyone found a problem. The penalty waiver in Treas. Reg. § 1.45-7(c)(6) depends on prompt correction. The intentional disregard finding that triples the cost is a facts-and-circumstances judgment, and the regulation lists factors such as whether prevailing wage terms were in the contracts, whether rates were posted at the job site, and whether wages were reviewed regularly. Treas. Reg. § 1.45-12(c)(10) names records of the actions taken to prevent, mitigate, or remedy failures as part of the compliance record. That file is your answer to an intentional disregard argument.

Documentation Complete. The file evidences a proactive compliance posture: prevailing wage clauses in contracts, posted rates, regular payroll review, and prompt correction. Waiver eligibility is documented for each correction.

In Progress. The compliance posture exists operationally but is not documented in a form an examiner could verify.

Missing. No documentation of preventive controls or waiver eligibility.

30 / 60 / 90.

- 30: Document the project's prevailing wage controls as a baseline record.
- 60: Build the documentation cadence around contract terms, postings, reviews, and corrections.
- 90: Lock the controls file in the credit documentation.

3.6 Prevailing Wage File Cross-Reference to the Credit Claim

Why it matters. The prevailing wage file has to tie to the specific credit claim and the specific basis or production on the return. An examiner who can connect the wage file to the credit

quickly has less reason to widen the scope. A wage file kept in a separate compliance silo looks disconnected even when the substance is sound.

Documentation Complete. The prevailing wage file is structured to align with the credit claim. Cross-references run in both directions.

In Progress. The file exists but is not structured to align with the credit claim.

Missing. No structural alignment between the prevailing wage file and the credit claim.

30 / 60 / 90.

- 30: Map the prevailing wage file structure to the credit claim structure.
- 60: Implement cross-references. Build the file structure.
- 90: Coordinate with the tax preparer so the return references align with the file.

4 Apprenticeship Compliance

The apprenticeship requirement in § 45(b)(8), applied to § 48, § 45Y, and § 48E by cross-reference, is the second condition for the five-times multiplier. Five items.

4.1 Apprenticeship Labor-Hour Tracking

Why it matters. Qualified apprentices must perform a minimum share of total construction, alteration, or repair labor hours: 12.5 percent for facilities whose construction began in 2023, and 15 percent for construction beginning after December 31, 2023 (§ 45(b)(8)(A)(ii)). Labor hours exclude foremen, superintendents, owners, and exempt executive, administrative, and professional staff. Separately, every taxpayer, contractor, or subcontractor that employs four or more individuals on the work must employ at least one qualified apprentice (§ 45(b)(8)(C)). A shortfall that is not covered by a good faith effort can be cured only by paying a penalty of \$50 per labor hour short, or \$500 per hour where the failure is intentional (§ 45(b)(8)(D)). Tracking has to happen during construction, not at examination.

Documentation Complete. Total labor hours and apprentice labor hours are tracked for each contractor and subcontractor. The ratio is current. The participation requirement is checked for each employer.

In Progress. Tracking is in place, but the ratio calculation lags or is incomplete across tiers.

Missing. No tracking of apprentice labor hours against total labor hours.

30 / 60 / 90.

- 30: Define the tracking template. Distribute it to contractors.
- 60: Implement weekly hour reporting. Calculate the running ratio and check participation.
- 90: Build the escalation process for periods where the ratio falls below the threshold.

4.2 Registered Apprenticeship Program Verification

Why it matters. A qualified apprentice is an individual participating in a registered apprenticeship program as defined in § 3131(e)(3)(B): a program registered under the National Apprenticeship Act that meets the standards of subpart A of 29 CFR part 29 and 29 CFR part 30. Workers who are not enrolled in a registered program do not count toward the labor-hour percentage, however they are classified on payroll.

Documentation Complete. Each apprentice's registration is verified through program documentation. Verification is in the project file. The program's ratio and wage standards are documented.

In Progress. Apprentice status is asserted by contractors, but registration verification is informal.

Missing. No verification of registered program enrollment.

30 / 60 / 90.

- 30: Pull the registered apprenticeship program documentation for each apprentice.
- 60: Verify each registration. Identify any apprentices not in qualifying programs.
- 90: Build the verification step into contractor onboarding. Document the standard.

4.3 Apprentice-to-Journeyworker Ratio Compliance

Why it matters. The labor-hour requirement is subject to the apprentice-to-journeyworker ratios of the Department of Labor or the applicable State apprenticeship agency (§ 45(b)(8)(B)). Under Treas. Reg. § 1.45-8, hours an apprentice works in excess of the ratio on any day do not count as apprentice hours. Field-level monitoring is the only way to show the ratio was kept.

Documentation Complete. Ratio compliance is monitored at the site. Documentation shows the ratio actually maintained. Variances are documented and addressed.

In Progress. The ratio is generally observed, but field documentation is informal.

Missing. No field-level ratio monitoring.

30 / 60 / 90.

- 30: Document the applicable ratio for each program and occupation.
- 60: Implement field monitoring. Train project management staff on ratio observation.
- 90: Build the variance documentation workflow.

4.4 Good Faith Effort Exception Documentation

Why it matters. Section 45(b)(8)(D)(ii) treats the requirement as met if the taxpayer requested qualified apprentices from a registered apprenticeship program and the request was denied, for reasons other than the requester's refusal to follow program standards, or the program did not respond within five business days. Treas. Reg. § 1.45-8 requires a written request to a program that serves the facility's location and the needed occupations, and limits the good faith effort for any one request to 365 days. A new request is needed after that. The claim stands or falls on the request records.

Documentation Complete. The file holds each written request, the program it went to, the request date, the response or the lack of one, the period covered, and the calculation supporting the claim.

In Progress. Good faith effort is asserted, but documentation is incomplete.

Missing. No good faith effort documentation.

30 / 60 / 90.

- 30: Identify periods where the labor-hour percentage was not met. Decide whether a good faith effort claim is needed.
- 60: Assemble the request documentation for those periods. Calendar renewals before each request reaches 365 days.
- 90: Lock the good faith effort file. Build the request workflow for future projects.

4.5 Total Hour Reconciliation at Substantial Completion

Why it matters. The labor-hour percentage is measured against total labor hours on the project, which are final only at completion. A reconciliation that confirms the percentage holds against the final total is far stronger than a running ratio nobody verified.

Documentation Complete. A substantial-completion reconciliation confirms the apprenticeship percentage holds. The reconciliation is documented in the credit file.

In Progress. Total hours are being aggregated, but the reconciliation has not been performed.

Missing. No reconciliation against total labor hours at substantial completion.

30 / 60 / 90.

- 30: Build the reconciliation template. Confirm the aggregation method.
- 60: Run the reconciliation as substantial completion approaches. Document it.
- 90: Lock the reconciliation in the credit file before the return is prepared.

5 Domestic Content Bonus

The domestic content bonus under § 45(b)(9), § 45Y(g)(11), § 48(a)(12), and § 48E(a)(3)(B) increases a production credit by 10 percent of the credit amount. For the investment credits it adds 10 percentage points to the credit rate where the prevailing wage and apprenticeship requirements are met, and 2 points where they are not. For elective payment, domestic content can also decide whether a §§ 45Y or 48E facility gets any payment at all (see 7.2). The discipline is documentation-heavy. Six items.

5.1 Steel and Iron Manufacturing Process Documentation

Why it matters. The steel or iron requirement is applied consistently with 49 CFR 661.5. All manufacturing processes for covered steel and iron must take place in the United States, except metallurgical processes involving refinement of steel additives. Under Notice 2023-38, the requirement covers construction materials made primarily of steel or iron that are structural in function. It does not reach steel or iron inside manufactured product components. One foreign manufacturing process disqualifies the item.

Documentation Complete. Mill certifications evidence U.S. manufacturing at each process step for all covered steel and iron. Documentation is product-specific and dated.

In Progress. Some mill certifications exist, but coverage is incomplete or process-step detail is insufficient.

Missing. No mill certifications, or certifications that assert U.S. origin without process-step detail.

30 / 60 / 90.

- 30: Inventory the structural steel and iron components in scope. Identify the required certifications.
- 60: Collect mill certifications with process-step detail. Have them reissued where insufficient.
- 90: Lock the certifications in the domestic content file.

5.2 Manufactured Product Cost Calculation

Why it matters. Manufactured products are deemed U.S.-produced if at least the adjusted percentage of the total cost of all manufactured products in the facility is attributable to products and components mined, produced, or manufactured in the United States. Notice 2023-38 sets out the cost calculation, and the elective safe harbor tables in Notice 2024-41, as updated by Notice 2025-08, offer an alternative (see 5.4). The applicable percentage depends on the credit section and the BOC date (see 5.5).

Documentation Complete. The domestic cost percentage is calculated for the project. Supplier component cost detail supporting it is in the file. The method used, direct cost or safe harbor, is documented.

In Progress. Calculations are under way, but supplier documentation is incomplete.

Missing. No documented domestic content percentage calculation.

30 / 60 / 90.

- 30: Identify covered manufactured products. Build the calculation template.
- 60: Engage suppliers on component cost documentation.
- 90: Complete the calculation. Document the method.

5.3 Supplier Certification Substance

Why it matters. Supplier certifications are the primary evidence of domestic content. Generic statements asserting U.S. origin without component-level detail do not carry the calculation. A certification has to address the specific product, its components, the manufacturing processes, and the cost basis. The same suppliers are now being asked for prohibited foreign entity certifications under § 7701(a)(52), and a supplier that knows, or reasonably should have known, that its certification is inaccurate or false faces a penalty under § 6695B for certifications provided after December 31, 2025. The penalty applies where the misstatement causes a credit disallowance and an understatement above the lesser of 5 percent of the tax or \$100,000, and it equals the greater of 10 percent of the underpayment or \$5,000. Keep the two certification streams aligned.

Documentation Complete. Supplier certifications are product-specific, dated, signed by authorized supplier representatives, and carry component-level detail. Discrepancies are resolved before procurement closes.

In Progress. Certifications exist but lack the required detail.

Missing. Certifications are generic or absent.

30 / 60 / 90.

- 30: Inventory existing supplier certifications. Identify gaps in substance.
- 60: Have certifications reissued with the required detail. Set the certification standard for future purchases.
- 90: Train procurement staff on the certification standard.

5.4 Safe Harbor Election Where Applicable

Why it matters. Notice 2024-41 created an elective safe harbor that assigns cost percentages to listed components for certain project types, in place of the manufacturer's direct costs. Notice 2025-08 updated it. A taxpayer that elects the safe harbor must use the tables as written for that project. An election taken informally, without documentation, does not protect the position.

Documentation Complete. The election is documented if claimed and is consistent with the underlying product documentation. The table version used is identified.

In Progress. The safe harbor is applied informally without a documented election.

Missing. No documentation of the election or the decision not to elect.

30 / 60 / 90.

- 30: Determine whether the safe harbor fits the project's product mix.
- 60: Document the election decision. Align the support to the table version used.
- 90: Lock the election documentation in the credit file.

5.5 Adjusted Percentage for the Applicable Year

Why it matters. The adjusted percentage depends on the credit section and the BOC date, and the 2025 law split the schedules. Section 45 and § 48 projects use 40 percent (20 percent for offshore wind). Section 45Y uses 40 percent for construction beginning before 2025, 45 percent in 2025, 50 percent in 2026, and 55 percent after 2026. Section 48E uses 40 percent before June 16, 2025, 45 percent from June 16 through December 31, 2025, 50 percent in 2026, and 55 percent after 2026. Offshore wind has lower early-year percentages under each. Testing against the wrong percentage produces an ineligibility finding.

Documentation Complete. The applicable adjusted percentage is documented from the credit section and the BOC date. The calculation evidences compliance against that threshold.

In Progress. The percentage is identified but may not match the correct section or date.

Missing. No documented adjusted percentage analysis.

30 / 60 / 90.

- 30: Confirm the applicable adjusted percentage from the credit section and BOC date.
- 60: Verify the calculation meets that threshold.
- 90: Document the analysis in the credit file.

5.6 Domestic Content Recordkeeping Through the Assessment Period

Why it matters. Domestic content documentation has to outlast the assessment period described in 8.5. Notice 2023-38 also requires a domestic content certification statement attached to the credit form for the first year the bonus is claimed. Records left in project files reorganized at completion are at risk.

Documentation Complete. These records, including the certification statement, move into the permanent credit file at completion. Retention is locked through the assessment period.

In Progress. Records are in project files, but permanent retention is not yet addressed.

Missing. Documentation is at risk of loss at project closeout.

30 / 60 / 90.

- 30: Plan the move of domestic content documentation into the permanent credit file.
- 60: Execute the move as project completion approaches.
- 90: Lock the retention with documented access procedures.

6 Energy Community Bonus

Energy community status under § 45(b)(11), § 45Y(g)(7), § 48(a)(14), and § 48E(a)(3)(A) increases a production credit by 10 percent and adds 10 percentage points to an investment credit rate where the wage and apprenticeship requirements are met, or 2 points where they are not. Status is location-specific and date-specific. Five items.

6.1 Energy Community Category Determination

Why it matters. Section 45(b)(11)(B) defines three categories that apply to every technology. The first is a brownfield site. The second is a metropolitan or non-metropolitan statistical area with 0.17 percent or greater direct employment, or 25 percent or greater local tax revenue, tied to coal, oil, or natural gas at any time after 2009, and an unemployment rate at or above the national average for the previous year. The third is a census tract where a coal mine closed after 1999 or a coal-fired generating unit was retired after 2009, or a tract directly adjoining one. A fourth category applies only to advanced nuclear facilities. Each category carries its own documentation, and a misidentified category loses the bonus.

Documentation Complete. The category under which the project qualifies is documented. The underlying basis (brownfield records, statistical area data, census tract overlay) is in the file.

In Progress. The category is identified, but documentation is informal.

Missing. No documented category determination.

30 / 60 / 90.

- 30: Identify the applicable energy community category for the project location.
- 60: Pull the supporting documentation for that category.
- 90: Lock the determination in the credit file.

6.2 Brownfield Site Documentation (If Applicable)

Why it matters. A brownfield site for this purpose is defined by reference to subparagraphs (A), (B), and (D)(ii)(III) of CERCLA § 101(39), 42 U.S.C. 9601(39). The file needs regulatory records that establish the site meets that definition: state environmental agency records, EPA records, or other qualifying documentation.

Documentation Complete. Brownfield documentation includes the regulatory records establishing status under the applicable definition. Site-specific records are in the credit file.

In Progress. Brownfield status is asserted, but the supporting regulatory documentation is incomplete.

Missing. No regulatory documentation supporting brownfield status.

30 / 60 / 90.

- 30: Identify the regulatory basis for brownfield status.
- 60: Collect documentation from the state environmental agency, EPA, or other applicable source.
- 90: Lock the documentation in the credit file.

6.3 Statistical Area and Unemployment Documentation (If Applicable)

Why it matters. Statistical area status needs both the fossil fuel employment or tax revenue history and the unemployment test. Notice 2023-29 measures unemployment with Bureau of Labor Statistics county data for the previous calendar year, and the IRS publishes updated lists of qualifying areas after each year's data is released. The lists help, but the documentation burden stays with the project, and the list has to be the one in effect on the right date (see 6.5).

Documentation Complete. Statistical area status is documented through the IRS-published list in effect on the applicable date, or through direct evidence of the qualifying employment or revenue history and the unemployment rate.

In Progress. Status is identified, but documentation is informal.

Missing. No documented basis.

30 / 60 / 90.

- 30: Confirm the project's statistical area against the IRS list or the underlying data.
- 60: Document the qualifying history and the unemployment rate for the applicable year.
- 90: Lock the documentation in the credit file with date stamps.

6.4 Coal Closure Census Tract Documentation (If Applicable)

Why it matters. Coal closure status requires the project to sit in a census tract where a coal mine closed after December 31, 1999 or a coal-fired generating unit was retired after December 31, 2009, or in a tract directly adjoining one. The overlay has to be documented with the census tract boundaries that apply and accurate closure records.

Documentation Complete. The census tract overlay is documented with the applicable boundary data. Closure records establish the qualifying mine closure or unit retirement and its date. Adjacency is documented where it applies.

In Progress. Coal closure status is asserted, but overlay documentation is incomplete.

Missing. No documented overlay or closure records.

30 / 60 / 90.

- 30: Pull the census tract boundary for the project site.
- 60: Document the qualifying closure or retirement with regulatory records.
- 90: Build the overlay documentation. Lock it in the credit file.

6.5 Energy Community Status at the Trigger Date

Why it matters. The trigger date depends on the credit. Under Notice 2023-29, status for §§ 48 and 48E is determined at the placed-in-service date, and status for §§ 45 and 45Y is tested for

each taxable year of the credit period. There is a special rule: if construction began on or after January 1, 2023 at a location that was an energy community on the BOC date, the location keeps that status through the credit period for §§ 45 and 45Y, and on the placed-in-service date for §§ 48 and 48E. Status can change between BOC and placed-in-service, so the file has to show status on the date that governs.

Documentation Complete. Energy community status is confirmed at the applicable trigger date with contemporaneous evidence. If the BOC rule is relied on, status at BOC is documented. The trigger date for the project is documented.

In Progress. Status was established at one point but has not been confirmed at the trigger date.

Missing. No status confirmation at the appropriate trigger date.

30 / 60 / 90.

- 30: Identify the applicable trigger date for the project and credit.
- 60: Confirm status at that date, or at BOC, with contemporaneous documentation.
- 90: Lock the status determination in the credit file.

7 Direct Pay and Transferability

Elective payment under § 6417 and credit transfer under § 6418 turn credits into cash for owners without enough tax liability to use them. Both require pre-filing registration and substantial documentation. Six items.

7.1 Pre-Filing Registration Completion

Why it matters. Treas. Reg. §§ 1.6417-5 and 1.6418-4 make IRS pre-filing registration a condition of the election. The registration is done through the IRS Energy Credits Online portal, each credit property needs its own registration number, and the number must be obtained before the election is made and reported on the return. A registration number is valid for one taxable year only and must be renewed for each later year an election is made (Treas. Reg. §§ 1.6417-5(c)(2)-(3), 1.6418-4(c)(2)-(3)). Without it, the property is ineligible for elective payment or transfer, whatever its underlying credit eligibility. Registration is a condition, not proof of eligibility.

Documentation Complete. Pre-filing registration is complete. The registration number for each credit property is documented and consistent with the credit claim. The registration is renewed for each later taxable year in which an election is made.

In Progress. Registration is under way but not complete.

Missing. No pre-filing registration for a project that intends direct pay or transfer.

30 / 60 / 90.

- 30: Confirm the project's monetization path. Start registration if direct pay or transfer applies.
- 60: Complete registration in the Energy Credits Online portal and obtain a number for each credit property.
- 90: Lock the registration documentation in the credit file.

7.2 Eligibility Determination for Direct Pay

Why it matters. Elective payment under § 6417 is available to applicable entities: tax-exempt organizations, states and their political subdivisions, the Tennessee Valley Authority, Indian tribal governments, Alaska Native Corporations, and rural electric cooperatives. Other taxpayers can elect it only for § 45V, § 45Q, and § 45X credits, under the rules in § 6417(d)(1)(B) through (D). Domestic content now matters here too. For a §§ 45Y or 48E facility of 1 MW AC or more that does not meet the domestic content requirement, the elective payment is reduced to zero if construction began after December 31, 2025, unless the IRS grants an exception (§§ 45Y(g)(12), 48E(d)(5)). The same rule reduces the payment to 90 percent for construction begun in 2024 and 85 percent for construction begun in 2025 (§ 45Y(g)(12)(C), applied to § 48E by §

48E(d)(5)), unless the facility meets domestic content or is under 1 MW AC. Misidentified eligibility produces filing failures.

Documentation Complete. Applicable entity status is documented. The credit's eligibility for direct pay is documented, including the domestic content position where it applies. The election is consistent with entity status.

In Progress. Eligibility is asserted, but documentation is informal.

Missing. No documented eligibility determination for the direct pay election.

30 / 60 / 90.

- 30: Confirm applicable entity status with organizational evidence.
- 60: Confirm the credit's eligibility for direct pay under § 6417, including the domestic content test for §§ 45Y and 48E.
- 90: Lock the eligibility determination in the credit file.

7.3 Transferee Due Diligence Documentation (For Transferred Credits)

Why it matters. A transfer under § 6418 makes the transferee the taxpayer for the transferred credit, and the transferee carries the risk that comes with it. If the property is disposed of or stops qualifying during the § 50(a) recapture period, the transferee is generally responsible for the recapture, and § 6418(g)(3) and Treas. Reg. § 1.6418-5(d) require each side to notify the other. The record-keeping duty for prevailing wage and apprenticeship stays with the seller under Treas. Reg. § 1.45-12(a). Transferees know this, so they diligence the seller's file. The seller's documentation has to survive that review and the later examination.

Documentation Complete. A due diligence package is prepared and exchanged. It includes the credit eligibility analysis, a documentation index, and prevailing wage, apprenticeship, and bonus credit substantiation. The transfer documents reflect the package.

In Progress. Due diligence is under way, but the package is incomplete.

Missing. No due diligence package.

30 / 60 / 90.

- 30: If a transfer is contemplated, build the due diligence package template.
- 60: Populate the package with project-specific documentation.
- 90: Exchange it with the prospective transferee. Coordinate the transfer documents.

7.4 Transfer Election Statement and Agreement Documentation

Why it matters. Treas. Reg. § 1.6418-2(b)(5) requires a transfer election statement, a written document that both parties attach to their returns. At a minimum it names both parties, describes the credit, states the total credit and the portion transferred, identifies the tax years, records the cash paid and when, and lists the registration number. It also includes an attestation that the parties are unrelated and representations on compliance, recapture notification, and the

minimum documentation the seller provided. Section 6418(b) requires the consideration to be paid in cash. A statement that conflicts with the registration data or the return invites rejection.

Documentation Complete. The transfer election statement contains every required element. The commercial transfer agreement is executed. Both are consistent with the registration data and the credit claim.

In Progress. The agreement is in negotiation, or the statement is not yet complete.

Missing. No documented transfer election statement or agreement.

30 / 60 / 90.

- 30: Review the transfer documents against § 6418 and Treas. Reg. § 1.6418-2.
- 60: Negotiate and execute the agreement and complete the election statement before the return is filed.
- 90: Reconcile the documents to the registration and the return.

7.5 Excessive Credit Transfer Protection

Why it matters. Under § 6418(g)(2), if the transferee claims more credit than the facility actually earned, the transferee's tax increases by the excess plus 20 percent of it. The 20 percent addition does not apply if the transferee shows reasonable cause. The statutory exposure sits with the buyer, so the buyer will push it back to the seller through indemnities and insurance in the transfer agreement. A recapture event under § 50(a) is not an excessive credit transfer (Treas. Reg. § 1.6418-5). The seller's calculation of the transferred amount has to hold up, because the contract will make the seller pay if it does not.

Documentation Complete. The credit calculation supporting the transferred amount is documented and reconciled to the underlying project documentation and to the transfer documents.

In Progress. The calculation is in progress.

Missing. No documented calculation supporting the transferred amount.

30 / 60 / 90.

- 30: Build the credit calculation worksheet supporting the transfer amount.
- 60: Reconcile it to the underlying project documentation. Lock the calculation.
- 90: Coordinate with the transferee on the documentation exchange and the indemnity terms tied to it.

7.6 Coordination with Tax Return Filing

Why it matters. Direct pay and transfer elections are made on the return. A transfer election must be made no later than the due date, including extensions, of the return for the year the credit is determined, and it is irrevocable once made (§ 6418(e)(1)). The return has to match the registration, the transfer documents, and the underlying records. Inconsistencies among them cause processing delays and draw examination attention.

Documentation Complete. Return preparation incorporates the registration data, the transfer documents, and the underlying documentation. A consistency review is completed before filing.

In Progress. Return preparation is under way, but the consistency review is not complete.

Missing. No documented consistency review.

30 / 60 / 90.

- 30: Coordinate with the tax preparer on the election workflow and the filing deadline.
- 60: Conduct the consistency review across registration, transfer documents, and return.
- 90: Lock the consistency review in the credit file before filing.

8 Audit-Ready File Structure

The credit file architecture that supports an examination response. Six items.

8.1 Credit File Index and Navigation

Why it matters. An examiner who asks for a document should get it without an extended retrieval exercise. An indexed file with clear cross-references turns an examination response into retrieval. A file without an index reads as weak discipline no matter how complete the documents in it are.

Documentation Complete. The credit file index identifies every document in the file and cross-references the credit element it supports. The index is updated as documents are added or revised.

In Progress. An index exists but is incomplete or out of date.

Missing. No credit file index.

30 / 60 / 90.

- 30: Build the index template. Inventory existing documentation against it.
- 60: Populate the index. Identify gaps.
- 90: Lock the index maintenance SOP.

8.2 Master Documentation Memo

Why it matters. A master documentation memo, prepared when the return is filed and signed by tax counsel or the preparer, ties the credit claim to the supporting documentation. It gives the examiner a roadmap to the position. My view is simple: an examiner handed a roadmap spends less time looking for problems on their own.

Documentation Complete. The master memo is in the credit file. It cites the credit section, the basis or production, the bonus positions claimed, and the supporting documentation by index reference.

In Progress. The memo is drafted but incomplete or unsigned.

Missing. No master documentation memo.

30 / 60 / 90.

- 30: Build the memo template. Outline the credit position.
- 60: Draft the memo with the underlying documentation references.
- 90: Have the memo reviewed and signed by tax counsel before the return is filed.

8.3 Cross-Reference to Underlying Project Records

Why it matters. The credit file relies on project records (procurement files, construction records, commissioning documentation, ownership documents) that live in operational systems outside it. Cross-references let the examiner verify those records without duplicating them. A file without them looks incomplete even when the records exist.

Documentation Complete. Cross-references identify where each underlying record lives. Access procedures are documented.

In Progress. Cross-references exist for some elements but not others.

Missing. No cross-reference between the credit file and underlying project records.

30 / 60 / 90.

- 30: Identify where the underlying project records live.
- 60: Build the cross-reference. Document access procedures.
- 90: Lock the cross-reference. Test access with a sample retrieval.

8.4 Examination Response Designated Contact

Why it matters. Examination notices arrive on the IRS's schedule, not yours. A designated contact with access to the credit file and authority to coordinate the response prevents the delays that come from ad hoc coordination.

Documentation Complete. An examination response contact and a backup are designated. The contact has access to the credit file and authority to coordinate with tax counsel.

In Progress. Response coordination is informal. No designated contact.

Missing. No designated examination response capability.

30 / 60 / 90.

- 30: Designate the examination response contact and backup.
- 60: Confirm access to the credit file and authority to coordinate.
- 90: Run a tabletop examination response exercise.

8.5 Document Retention Through the Assessment Period

Why it matters. The general assessment period runs three years from filing under § 6501(a), with longer periods in specific circumstances, such as six years for prohibited foreign entity material assistance errors (§ 6501(o)). Supplier certifications under § 7701(a)(52) must themselves be kept for at least six years. Investment credit recapture runs five years from placed-in-service, and production credits run ten years, so the records behind later returns stay live long after construction ends. Records lost to reorganization, system migration, or staff turnover look like weak compliance whatever the substance was.

Documentation Complete. Retention is locked through the longest applicable period. Storage is owned by the institution, not by individuals. Migration procedures address system changes.

In Progress. Retention exists but is not formally locked. System migration risk is unaddressed.

Missing. No retention discipline. Records are at risk.

30 / 60 / 90.

- 30: Confirm the applicable retention periods for the credit and any certifications.
- 60: Lock the retention. Move records into institutionally owned storage.
- 90: Document the migration procedures for future system changes.

8.6 Periodic Credit File Review

Why it matters. A credit file built once and never revisited goes stale as guidance changes, related tax positions develop, and project facts shift. The 2025 law changes and the notices that followed them are the proof. Periodic review confirms the file is current and identifies updates needed to support the position under current guidance.

Documentation Complete. The credit file is reviewed at least annually to confirm currency. Each review is documented.

In Progress. Some review occurs, but it is not structured.

Missing. No periodic review.

30 / 60 / 90.

- 30: Build the review template. Calendar the annual review.
- 60: Conduct the first review. Document findings.
- 90: Make the updates needed to keep the file current.

9 Scoring Summary and Next Steps

9.1 Scoring Table

Score each of the 45 items on the scale set out in How to Use This Checklist. Lower is better.

Layer	Items	Maximum
1. Base Credit Eligibility	6	12
2. Beginning of Construction	5	10
3. Prevailing Wage	6	12
4. Apprenticeship	5	10
5. Domestic Content	6	12
6. Energy Community	5	10
7. Direct Pay and Transferability	6	12
8. Audit-Ready File Structure	6	12
Total	45	90

9.2 Risk Band Interpretation

- **Total 0 to 18 (Examination Ready).** The credit file evidences disciplined documentation, and the position is defensible. Keep the cadence and re-score at the next milestone.
- **Total 19 to 45 (Documentation Gap).** Material gaps exist that will surface at examination. Work the Missing items first, especially in Chapters 3, 4, and 5, where the five-times multiplier and the domestic content bonus are at risk.
- **Total 46 to 90 (Credit Position at Risk).** The documentation may not support the claimed credit under examination. Consider structured documentation support before the placed-in-service date. Remediation now costs less than a recalculated credit later.

The five-times multiplier needs Chapters 3 and 4 at Documentation Complete. A good composite score can hide Missing items in prevailing wage or apprenticeship, and that hides your largest single exposure. Fix the concentration before you work the composite down.

9.3 Where the Work Happens

Give every 30/60/90 action a named owner and a date, and keep each milestone's dated score sheet in the credit file. It shows an examiner the discipline ran during construction.

Glossary of Terms

Term	Meaning in this paper
Adjusted percentage	The minimum share of total manufactured product cost that must be U.S.-sourced for the domestic content bonus. It varies by credit section and BOC date (§§ 45(b)(9)(C), 45Y(g)(11)(C), 48E(a)(3)(B)).
Applicable entity	An entity eligible for elective payment of any applicable credit under § 6417(d)(1)(A): tax-exempt organizations, states and political subdivisions, the Tennessee Valley Authority, Indian tribal governments, Alaska Native Corporations, and rural electric cooperatives.
Apprenticeship requirements	The labor-hour percentage, ratio, and participation rules of § 45(b)(8), applied to §§ 48, 45Y, and 48E by cross-reference.
Beginning of construction (BOC)	The date construction of a facility is treated as starting, established under the Physical Work Test or, where available, the Five Percent Safe Harbor, and maintained through the Continuity Requirement.
Continuity Safe Harbor	Deemed satisfaction of the continuity requirement when a facility is placed in service by the end of the fourth calendar year after construction began (ten for offshore and federal land projects under Notice 2021-5).
Domestic content bonus	The increased credit under §§ 45(b)(9), 45Y(g)(11), 48(a)(12), and 48E(a)(3)(B) for facilities whose structural steel and iron and manufactured products meet U.S.-production requirements.
Elective payment (direct pay)	The election under § 6417 to treat an applicable credit as a payment of tax, producing a refund where the credit exceeds tax owed.
Energy community	A brownfield site, a qualifying statistical area, or a coal closure census tract as defined in § 45(b)(11)(B).
Energy Credits Online	The IRS electronic portal used for pre-filing registration of credit properties before an elective payment or transfer election.
Excessive credit transfer	The amount by which a transferee's claimed credit exceeds the credit otherwise allowable. The transferee owes the excess plus 20 percent, absent reasonable cause (§ 6418(g)(2)).
Five Percent Safe Harbor	A BOC method under which the taxpayer pays or incurs at least five percent of the facility's total cost by the BOC date. Notice 2025-42 limited its use for the wind and solar deadline to solar facilities of 1.5 MW AC or less, but the court vacated that notice on June 6, 2026.

Term	Meaning in this paper
Five-times multiplier	The increase in the base credit under §§ 45(b)(6), 48(a)(9), 45Y(a)(2)(B), and 48E(a)(2) for facilities that meet prevailing wage and apprenticeship requirements, are under 1 MW AC, or began construction before January 29, 2023.
General wage determination	A Department of Labor publication of prevailing hourly wage and fringe benefit rates for classifications in a type of construction and geographic area.
Good faith effort	The apprenticeship exception in § 45(b)(8)(D)(ii) for a taxpayer whose written request for apprentices was denied or not answered within five business days.
Investment Tax Credit (ITC)	Shorthand for the energy credit under § 48 and the clean electricity investment credit under § 48E.
Material assistance from a prohibited foreign entity	A material assistance cost ratio below the statutory threshold for the year construction begins, as defined in § 7701(a)(52). It disqualifies §§ 45Y and 48E facilities and storage whose construction begins after December 31, 2025.
Physical Work Test	A BOC method satisfied when physical work of a significant nature begins, on site or off site under a binding written contract.
Placed in service	The point at which property is in a condition or state of readiness and availability for a specifically assigned function (Treas. Reg. § 1.46-3(d)).
Prevailing wage requirements	The obligation in §§ 45(b)(7) and 48(a)(10) to pay laborers and mechanics at least the DOL-determined prevailing rate for construction and for alteration and repair during the applicable period.
Production Tax Credit (PTC)	Shorthand for the renewable electricity production credit under § 45 and the clean electricity production credit under § 45Y.
Qualified apprentice	An individual employed by the taxpayer, a contractor, or a subcontractor who participates in a registered apprenticeship program as defined in § 3131(e)(3)(B).
Recapture	The increase in tax under § 50(a) when investment credit property is disposed of or stops qualifying within five years of placed-in-service.
Transfer election statement	The written statement required by Treas. Reg. § 1.6418-2(b)(5), attached by both parties to their returns, documenting a credit transfer.

How Energy Compliance Can Help

This checklist is the frame we use when owners bring us an IRA credit position. If you are past financial close, with construction moving and records piling up in places nobody reviews, that is still the right time to start.

IRA Documentation Support engagement. We build the documentation discipline behind the credit: the BOC evidence file, prevailing wage and apprenticeship review that runs during construction, domestic content and energy community files locked to the right dates, and the registration and transfer package a transferee will diligence. We work alongside your tax counsel. We do not replace them. The engagement covers four areas:

- **IRA Credit Documentation.** Eligible basis discipline, ITC and PTC documentation architecture, bonus credit stacking, audit-ready credit file construction.
- **PWA Compliance.** Wage determination management, certified payroll review, apprenticeship hour tracking, good-faith effort documentation.
- **Domestic Content and Energy Community.** Cost calculation methodology, supplier certification discipline, energy community status documentation, safe harbor election analysis.
- **Direct Pay and Transferability.** Pre-filing registration, transferee due diligence packaging, transfer agreement documentation, excessive credit transfer protection.

Compliance program management. For owners with more than one project in construction, we run the milestone scoring cadence in this checklist across the portfolio, so the same gaps do not open on every site.

WattOps Compliance is EC's NERC compliance evidence platform, at wattopscompliance.com, with a free run of one standard at one facility (CIP excluded). For a credit project that also carries NERC registration, it holds that evidence to the same retrieval standard this checklist sets for the credit file.

RenewOps is EC's renewable operations monitoring and analytics platform, with a Data Center module. Production credits are paid on metered output, and once a project is in service the operating record matters as much as the construction file did.

If you scored above 18, or you are not sure what your file would show an examiner today, call me. We will tell you plainly where the gaps are and what it takes to close them before the record locks.

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About the Author

Rob Smith is the Founder and Principal of Energy Compliance, Inc., with more than thirty years in the industry on every side of the system. He began in control-room operations as a Reliability Coordinator, Transmission Operator, and Power System Operator across RTO/ISO and utility control centers. On the regulator side, he was a senior compliance auditor and subject matter expert for NERC Reliability Standards. He audited grid facilities, evaluated mitigation adequacy, participated in risk-based oversight of utility mitigation activities, and supported the development of violation notifications and settlements in FERC-directed enforcement actions. He conducted a regulatory audit in the Sultanate of Oman against the Sultanate's Sector Law and Grid Code.

He founded Energy Compliance, Inc. to deliver senior regulator-side compliance authority without the layered staffing and billable-hour overhead of larger firms.

Education:

- MBA, Energy Management, University of Mary
- MSL, Compliance Law, Fordham Law University
- BAS, Energy Management, Bismarck State College
- BAS, Mechanical Engineering, Metallurgy minor, University of Florida
- BAS, Criminology, St. Petersburg College (State Law Enforcement Certification)
- AAS, Power Plant Technology, Bismarck State College
- AAS, Electrical Transmission System Technology, Bismarck State College

Certifications: NERC Lead Auditor training; previously NERC-certified at the Reliability Coordinator level; 1st Class A Boiler Engineer License, Minnesota.

About Energy Compliance, Inc.

Energy Compliance, Inc. is a specialized energy regulatory, funding, and post-award administration firm based in Bloomington, Minnesota. We work across NERC compliance, RTO and ISO frameworks, Texas PUC matters, IRA tax credit documentation, and federal grant administration under 2 CFR 200.

Our position is compliance-first. Grant writers pursue awards. We build the documentation, audit trail, and obligation matrix that have to survive post-award scrutiny, which in our view is where funded energy projects get into trouble, more often than at the award decision itself.

Our service line covers seven defined packages:

- **Grant Readiness Assessment.** Pre-application diagnostic and gap closure.
- **Energy Funding and Grant Application Support.** Application strategy, narrative engineering, submission management.
- **Post-Award Compliance Administration.** Compliance Obligation Matrix, reporting cycles, sub-recipient monitoring, audit readiness.
- **IRA / Tax Credit Compliance Support.** Documentation discipline for ITC, PTC, bonus credit stacking, direct pay and transferability.
- **Utility Regulatory and Legal Support.** FERC, state PUC, RTO/ISO matters in coordination with licensed counsel.
- **NERC/CIP and Energy Infrastructure Compliance Support.** RSAW production, audit defense, mitigation, self-reporting.
- **Engineering Firm Partnership.** White-label and co-delivery for engineering, EPC, and owner's-engineer firms.

To discuss your situation, schedule a 30-minute working session through the calendar at energycomplianceinc.com. The first call is a working diagnostic, not a pitch.

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Sources and Authorities

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- Treas. Reg. § 1.45-7, Prevailing wage requirements, including (b)(5), (c) and (c)(6). <https://www.ecfr.gov/current/title-26/section-1.45-7>
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- Treas. Reg. § 1.45-12, Recordkeeping and reporting for prevailing wage and apprenticeship. <https://www.ecfr.gov/current/title-26/section-1.45-12>
- Treas. Reg. § 1.46-3(d), Placed in service. <https://www.ecfr.gov/current/title-26/section-1.46-3>
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- Notice 2023-29, Energy community bonus credit amounts. <https://www.irs.gov/pub/irs-drop/n-23-29.pdf>
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