

Tax Update

October 19, 2022

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The logo for Baker Newman Noyes is a dark blue square with a white double-line border. Inside the square, the words "BAKER", "NEWMAN", and "NOYES" are stacked vertically in a white, all-caps, sans-serif font.

BAKER
NEWMAN
NOYES

Here with you today



Dan Gayer
Senior Manager



Leanne Scott
Principal



Adam Aucoin
Principal

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NOYES

The Inflation Reduction Act of 2022: Green Energy Incentives



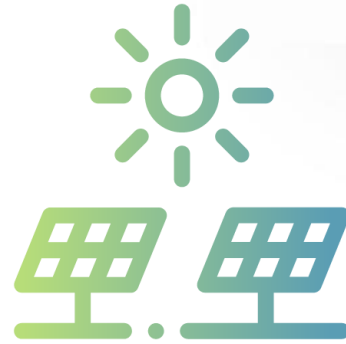
Updates to various credits & rebates



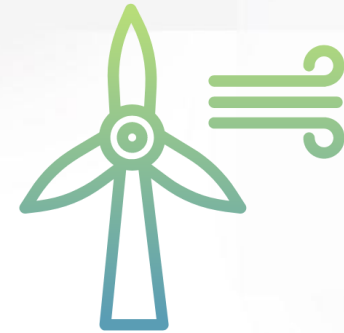
**ELECTRIC
VEHICLES**



**RESIDENTIAL
ENERGY
EFFICIENCY**



**SOLAR
PANELS**



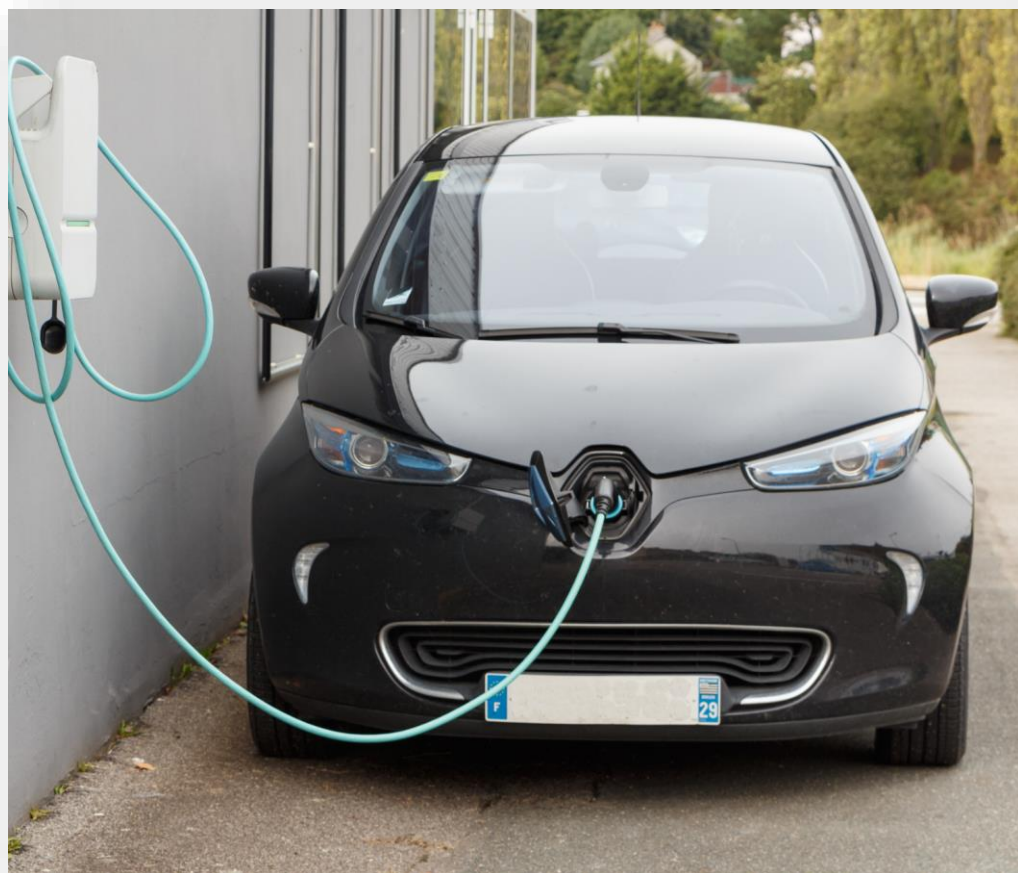
**COMMERCIAL
CLEAN
ENERGY**

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Electric Vehicles



New electric vehicle credits



- Up to a \$7,500 credit as before
- Removed 200,000 vehicle limitation
- Transition from luxury to mass market
- Income and MSRP caps
 - \$300,000/\$150,000 income limit
 - \$80,000 Trucks, vans, and SUVs
 - \$55,000 cars
- Final assembly and sourcing requirements

A note about USED electric vehicles...

- New credit for purchases of used EVs beginning January 1, 2023
- Up to a \$4,000 credit for used EVs costing up to \$25,000
- \$150,000/\$75,000 income limit

Prior to 1/1/23, EV credits are only eligible for NEW vehicle purchases.

Commercial electric vehicle credits



- Up to a \$40,000 for clean commercial vehicles weighing over 14,000 pounds
- \$7,500 credit for vehicles under 14,000 pounds
- Not just electric – other clean vehicles may also qualify

Alternative Fuel Vehicle Refueling Property Credit



- Credit extended through 1/1/2033
- Starting in 2023:
 - Credit is two-tiered with 6% base rate and up to 30% if prevailing wage and apprenticeship requirements met
 - \$100,000 per item credit limit for depreciable property (\$1,000 for non depreciable property)
 - Property will **ONLY** be eligible for the credit if it is placed in service within a low-income or rural census tract

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Homes & Residences



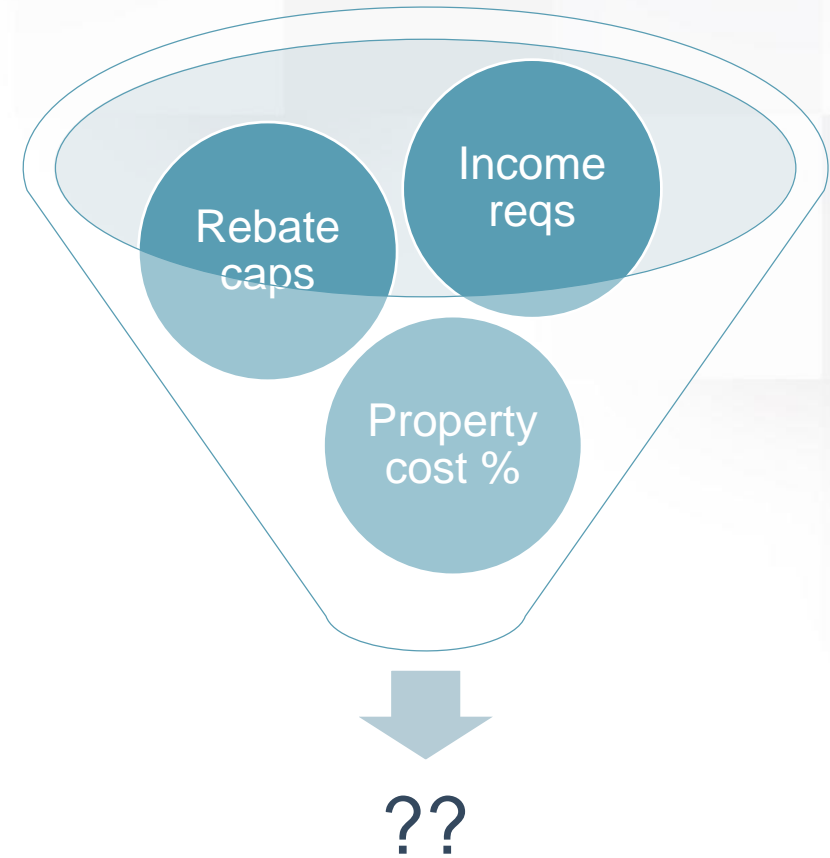
Improvements to home energy

- Prior version of the incentive had several limitations to what, who, and how homeowners could benefit
- Expansions in the 2022 Act!



Electric home energy rebates

- *High-Efficiency Electric Home Rebate Program*
- Program designates the Treasury Department to coordinate with individual states for *certain* efficiency improvements
- Still many unknowns...



Residential clean energy credit

Return to
30% credit

Solar
panels

Residential
roof

Solar farm
investments

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Businesses & Investors



Commercial Clean Energy Incentives

- Solar investment tax credit up to 30% for 2022, 2023, and 2024
- Expanded to include energy storage technology
- Base credit rate of 6%. The rate becomes up to 5x that (30%) if prevailing wage and apprenticeship requirements are met.
- Potential for 10% additional credit when placed into service in Energy Communities and up to 20% if in low-income communities
- 2025 and beyond...
 - New production and investment tax credits will replace current credits
 - Requirements to meet prevailing wage standards
 - Domestic sourcing of components

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State and Local Tax



Current SALT Hot Topics

Remote workers

Sales/use &
gross receipts
taxes

Elective pass
through entity
(PTE) tax
regimes

ME/MA/NH grab
bag

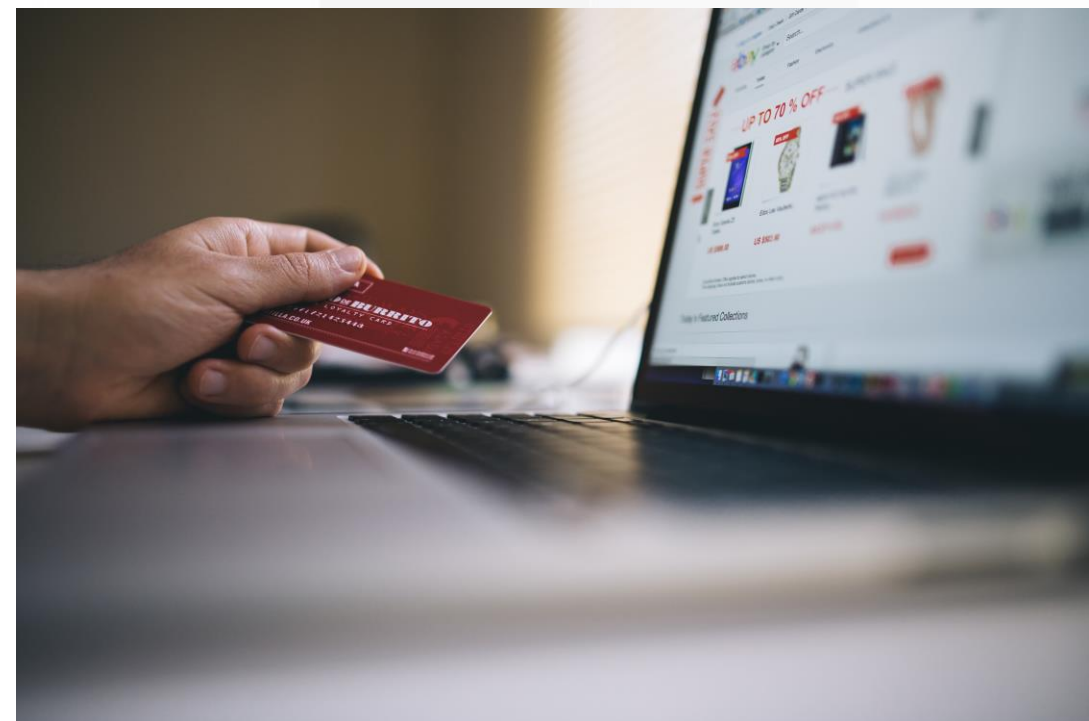
Remote Workers



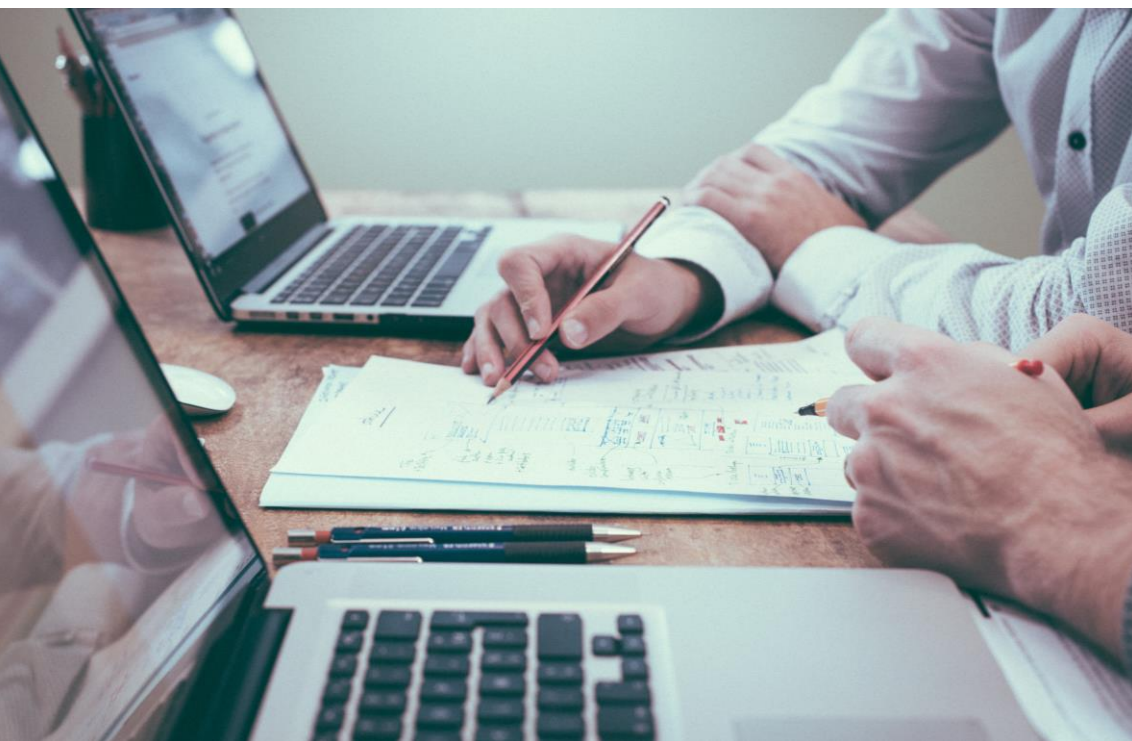
- More and more companies are hiring remote workers
- Tax consequences can be significant
- State and local tax
 - Payroll tax & related matters
 - Nexus for other tax types (income/franchise, sales/use, gross receipts, etc.)
- **Non-tax matters are very important as well (legal, HR, etc.)**

Sales/use & Gross Receipts Taxes

- Sales tax vs. use tax
- Key considerations:
 - Nexus
 - Taxability
 - Exemptions
- Gross receipts taxes
 - Washington Business & Occupation Taxes
 - Ohio and Oregon CATs
- Prior periods; ongoing compliance/monitoring



Elective PTE Tax Regimes



- Many states have enacted (approx. 30)
- Overview of purpose/potential benefits
- Analysis required – can be more complex than many expect
- Impact on state revenue estimates - ?

ME/MA/NH Grab Bag



Maine

- Thrive Maine loan program
- Maine tax portal



Massachusetts

- 62F refunds
- Economic development bill - ?
- Ballot question #1



New Hampshire

- Interest & dividends tax phase out
- Apportionment changes

Questions?

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Thank you!

Join us for cocktails and networking!

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Thank you for attending our sessions today. We hope you can stay for a bit to connect with us. Don't forget! Please sign out before you leave at the registration table to ensure you receive CPE credit.

