

5

KEY STEPS TO DETERMINE SAFE HARBOR ELIGIBILITY

IRS' Notice 26-15 provides temporary safe harbors and reliance rules to implement those MACR requirements.

[Press Release/ Text of Notice 26-15](#)

1

Determine safe harbor eligibility. To determine eligibility for 45Y, 48E, or 45X, solar, terrestrial wind, and BESS companies should review the [2023–2025 safe harbor tables](#).

- *Note: Technologies that do not have safe harbor tables cannot use this pathway; they must use the 45Y definition of “manufactured products (inc. components)” and [Notice 2023-38](#) as guidance. Facilities adding production under the “incremental production rule” cannot use this pathway either.*

2

Track those components' costs using one of the allowed tracking methods. (See p. 28 of Notice 26-15). This can be done in a variety of ways, including:

- Individual tracking (*Default method*)
- 10% de minimis rule
- Averaging the cost of components across similar projects (for energy storage technologies (EST) or 45X constituent materials).

3

(OPTIONAL) Request and use supplier certifications to simplify documentation. Taxpayers may now use this to calculate their MACR.

4

Calculate MACR by:
$$\frac{(\text{Total Direct Costs}) - (\text{PFE Direct Costs})}{(\text{Total Direct Costs})}$$

5

Compare MACR to the applicable threshold to determine whether the taxpayer passes or fails the PFE test. This determines eligibility for 45Y, 48E, or 45X credits.