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IRS Extends Safe Harbor for Renewable Energy Projects.

Companies facing delays in putting their renewable energy projects into service will get an additional year of safe harbor time from the IRS.

In [Notice 2020-41](#), the IRS said it is providing an extra year to the four-year “Continuity Safe Harbor” offered in existing guidance related to the production tax credit for renewable energy facilities under section 45 and the investment tax credit for energy property under section 48 because some companies are facing supply chain delays related to the COVID-19 pandemic.

If projects are placed in service in five years, construction will be deemed continuous.

The IRS also said it is providing assurance for taxpayers who already started construction by incurring 5 percent of project costs, and made payments for services or property and reasonably expected to receive such services or property within 3 ½ months. The notice provides that if the services or property are received by October 15 the taxpayer’s expectations at the time of the 2019 payment are deemed reasonable.

The guidance is useful to companies developing renewable energy projects and producing electricity from sources such as wind, biomass, geothermal, landfill gas, trash, and hydropower. The safe harbor is also available for taxpayers using technologies such as solar panels, fuel cells, microturbines, and combined heat and power systems, the IRS said.

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