

# 45Q Tax Credit for CO<sub>2</sub> Capture

- Equipment placed in service before February 9, 2018:
  - \$20 per metric ton for CO<sub>2</sub> disposal
  - \$10 per metric ton if used for EOR or other commercial markets
- Equipment placed in service on / after February 9, 2018 thru the 12-year period of being placed in-service:

45Q Tax Credit - \$/Metric Ton		
Year	CO <sub>2</sub> Geological Sequestration	CO <sub>2</sub> for EOR or Other Markets
2018	\$25.70	\$15.29
2019	\$28.74	\$17.76
2020	\$31.77	\$20.22
2021	\$34.81	\$22.68
2022	\$37.85	\$25.15
2023	\$40.89	\$27.61
2024	\$43.92	\$30.07
2025	\$46.96	\$32.54
2026*	\$50.00	\$35.00

\* Inflation adjustment factor to be added for years after 2026.

- Construction must begin before January 1, 2026 to qualify.
- Retrofitting Permitted – upgraded existing facilities may qualify for a new placed in-service date if facility upgrades meet the 80 / 20 rule.

# Credit Legislation Executive Summary

- Credits are on the rise – How much they will rise is unknown at this time – Both Bills already proposed:
  - Senate Bill S.986 – CCUS Tax Credit Amendments Act of 2021
    - Bipartisan support
    - 5-year extension – construction starting by 2030
    - Direct payment in lieu of tax credit
    - \$35 / \$50 goes to \$75 / \$120 for utilization / sequestration, respectively
  - House Bill – CATCH Act – Coordinated Action to Capture Harmful Emissions:
    - Bipartisan support
    - \$35 / \$50 goes to \$60 / \$85 for utilization / sequestration, respectively