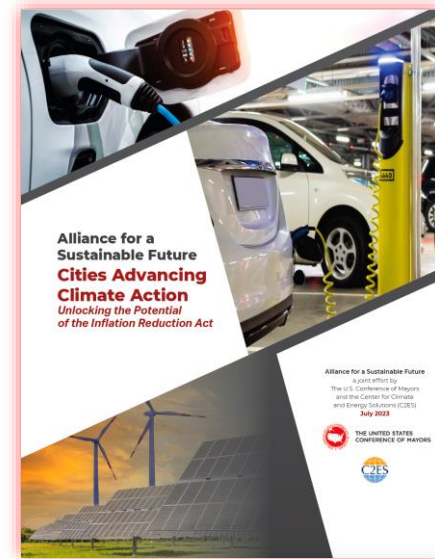




Direct Pay

- Direct pay is a new financial mechanism established by IRA that allows tax exempt entities to receive a direct payment from the federal government equal to the value of a tax credit.
- Eligible for 12 of the Inflation Reduction Act's tax credits. Effective for taxable years starting after December 31st, 2022.
- Offers local governments the ability to better achieve their climate goals by making carbon reduction and resilience projects more cost effective.
- Final guidance could be released by the end of the year on the process of electing direct payment.



Resources

The White House

[Direct Pay Through the Inflation Reduction Act](#)

Treasury

[Elective Pay](#)

USCM and C2ES

[Unlocking the Potential of the Inflation Reduction Act](#)

The Local Infrastructure Hub

[Navigating IRA Tax Credits for Local Leaders](#)