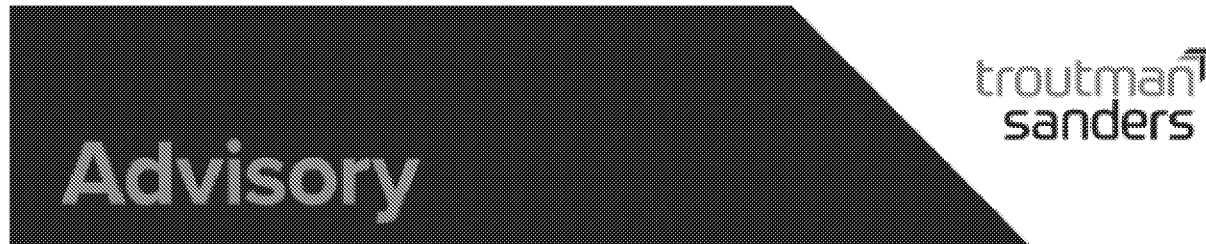


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**Subject:** IRS Issues Beginning of Construction Guidance for Solar

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JUNE 25, 2018

## IRS Issues Beginning of Construction Guidance for Solar

On June 22, 2018, the Internal Revenue Service (the "IRS") issued [Notice 2018-59](#), which provides long-awaited guidance on when construction of energy property will have begun for purposes of the Investment Tax Credit ("ITC") under section 48 of the Internal Revenue Code (the "Code").

The guidance is similar in many respects to the beginning of construction guidance issued for wind facilities and other facilities that are eligible for the PTC under section 45 of the Code or the ITC in lieu of the PTC (the "Prior Guidance"). Although the rules in Notice 2018-59 should be familiar to those who have worked with the Prior Guidance, this client alert covers the applicable rules in detail. Furthermore, this client alert will focus on solar PV projects, though Notice 2018-59 also applies to solar hot water, fiber-optic solar, geothermal, fuel cell, qualified microturbine, CHP, small wind, and geothermal heat pump property.

At the end of this client alert, we provide a brief overview of the strategies for beginning construction on solar projects that we expect to be widely used.

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