



Overview of Direct Pay

Direct pay (also called “elective pay”) is a mechanism that allows entities with no federal tax liability to claim federal tax credits for eligible clean energy investments. In the same way that individuals and private companies have been able to claim tax credits for their investments in renewable energy and electric vehicles for years, tax-exempt organizations such as municipalities, school districts, nonprofits, and others can now benefit as well.

This is a unique opportunity for entities that do not typically file federal tax returns. The Governor’s Energy Office and Governor’s Office of Policy, Innovation, and the Future are providing targeted educational materials to ensure eligible entities are aware that they are eligible for these tax credits. **Eligible entities can access these tax credits now using direct pay.**

Eligible Entities

- **State governments** and their subdivisions (including public universities and community colleges)
- **Local and Tribal governments**
- **Agencies and instrumentalities** of state, local, and Tribal governments (e.g., school districts, municipal utilities, water authorities, transportation authorities, etc.)
- **Rural electric cooperatives**
- **Tax-exempt organizations** (including 501(c)3 organizations)

Examples of Eligible Projects

- **Rooftop solar** installed on a town hall or a public school
- A **geothermal** system installed on a public university campus
- **EV chargers** installed by a city at one of its public parks
- **Clean vehicles**, such as electric pick-up trucks and fire engines procured by a town’s fire department
- Backup **energy storage paired with solar** installed at a non-profit food bank

If you are an eligible entity with a project that you think might be eligible, fill out **this form** or send an email to **DirectPayTaxQuestions@maine.gov**

Disclaimer: *This document provides an overview of certain tax law for general informational purposes only. This document and the information contained in it are not tax guidance. The content is based on tax guidance on IRS.gov, information produced by third-party experts, and other publicly-available information, and it relies on simplifications and generalizations to convey high-level points about the tax code. Please refer to guidance issued by the IRS and from your professional tax advisor for specific tax advice.*

Tax Credits Frequently Used by Direct Pay Eligible Entities

- **Investment Tax Credit** - Valued at a percentage of a project's costs (generally 30%, but in some cases more)
- **Commercial Clean Vehicle Tax Credit** - Valued at a maximum of \$7,500 for passenger vehicles and \$40,000 for larger vehicles (e.g. buses)
- **Electric Vehicle Charger (or other alternative fueling station) Credit** - Valued at a percentage of a project's costs (generally 30%) up to \$100,000

Process for Receiving Payment

1. **Place eligible project(s) in service**
2. **Choose relevant tax credit** & any applicable **bonus credits**
3. Collect **documents & data, confirm compliance** with tax credit requirements
4. **Register project(s) with the IRS** via its online portal 120 days before tax filing deadline
5. Receive **ID numbers** for project(s) from the IRS (estimated 60-120 days)
6. **File entity's tax return** by the filing deadline, based on its tax year
7. **Receive check** for elective payment (estimated 45 days)

2024 Direct Pay Filing Deadlines & Recommended Pre-Filing Registration Dates

Dates of 2024 Tax Year	Without extension		With 6-month extension	
	IRS-recommended date for completing pre-filing registration	Filing deadline	IRS-recommended date for completing pre-filing registration for those using extension	Filing deadline after extension
1/1/24 - 12/31/24	1/15/2025	5/15/2025	7/18/2025	11/15/2025
7/1/23 - 6/30/24*	7/18/2024	11/15/2024	12/15/2024	4/15/2025
10/1/23 - 9/30/24*	10/18/2024	2/15/2025	4/17/2025	8/15/2025

**Automatic 6-month extension granted via IRS 2024-39*

Helpful Links

- [IRS Fact Sheet listing Elective Pay Eligible Tax Credits](#)
- [IRS Pre-Filing Registration Tool Guidebook](#)
- [IRS Elective Pay frequently asked questions](#)
- [IRS Overview of the Commercial Clean Vehicle Tax Credit](#)

Questions?

For questions on direct pay, send an email to DirectPayTaxQuestions@maine.gov