

# **Income tax for user-side energy storage power stations**





## Overview

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How has the energy storage industry progressed in 2024 & 2025?

The energy storage industry has continued to progress over the course of 2024 and into 2025, buoyed in significant part by the federal income tax benefits in the form of tax credits enacted under the Inflation Reduction Act of 2022 (IRA).

How will state taxes affect renewable generating companies?

This increase in renewable generating companies will have state tax implications. "States may impose several taxes on renewable generation companies, including income tax, franchise tax, capital stock tax, gross receipts tax, property taxes and sales and use taxes," Wade and Herzberg wrote.

Are IRA tax benefits a viable option for energy storage facilities?

While the vitality of the IRA tax benefits in their current form is currently subject to uncertainty given the results of the 2024 federal general election, the existing market practice for financing energy storage facilities since the IRA's passage continues to evolve in reaction to the act's new requirements and opportunities.

Is a stand-alone energy storage a qualified person?

Notably, no NAICS code describes stand-alone energy storage, and there is no published guidance on whether a stand-alone BESS could be a qualified person. Stand-alone BESS is subject to property tax. Texas offers an incentive program referred to as chapter 312 to attract new capital investment that has benefitted renewable development.

What is a tax payer's basis in a thermal energy storage property?

The final regulations further provide that a "taxpayer's basis in the thermal energy storage property includes the total cost of the thermal energy storage



property and HVAC system less the cost of an HVAC system without thermal storage capacity that would meet the same functional heating or cooling needs.”.

What regulatory guidance has the government released on energy storage?

Of particular importance to the energy storage industry, the government has released final regulatory guidance for the ITC (both Section 48 and 48E of the Code), prevailing wage and apprenticeship (PWA) requirements, and transferability and direct payment, as well as other guidance on the energy community and domestic content tax credit “adders.”



## Income tax for user-side energy storage power stations

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All are encouraging industrial and commercial users to build energy storage power stations, and industrial and commercial energy storage power stations are innovating business ...

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The framework complements the lack of previous studies on energy storage regulation under power generation systems such as wind power and coal power. In addition, a variety of ...

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Investment in energy storage can enable them to meet the contracted amount of electricity more accurately and avoid penalties charged for deviations. Revenue streams are decisive to ...

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1. The tax burden for the Jiangsu energy storage power station involves various factors impacting its financial scenario, including 15% corporate income tax, specific VAT ...



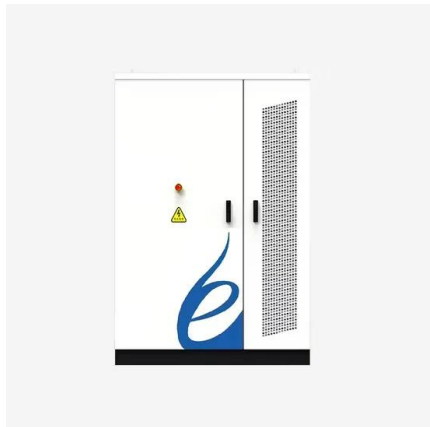
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Energy storage power stations derive income through multiple avenues, which include demand response, frequency regulation, and energy ...

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Reference [7] proposed an effective method for the performance evaluation of large PV power stations with annual operating data, realized automatic analysis of the optimal size ...

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Energy storage is used in multiple links ...

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Taxpayers should carefully evaluate the application of these changes to their thermal energy storage system projects. The rules outlined in this section apply to property placed in service ...

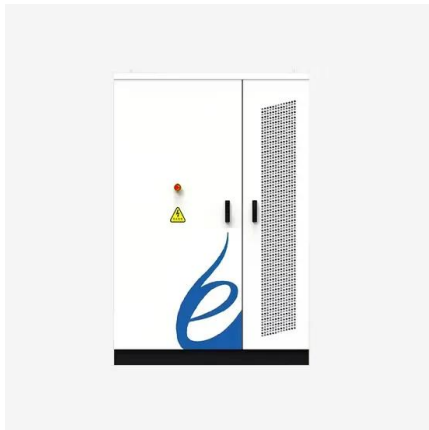
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The tax rate applicable to income generated by energy storage power stations varies based on several factors including the jurisdiction, the nature of the business entity, and ...

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