

Inflation Reduction Act Prevailing Wage and Apprenticeship Requirements

What are the Prevailing Wage and Registered Apprenticeship (PWA) requirements?

The Inflation Reduction Act's Prevailing Wage and Apprenticeship (PWA) provisions increase the amount of important tax credits for clean energy projects fivefold.

To be eligible for the increased tax credit, taxpayers (including project developers) claiming the increased tax credit are generally required to:

Pay prevailing wages

In general, laborers and mechanics (such as electricians or carpenters) employed in the construction, alteration, or repair of the facility, property, project, or equipment must be paid wages at rates at or above the prevailing wage rates. Prevailing wage rates are set by the Department of Labor for specific classifications of laborer or mechanic where the work is being performed.

Employ apprentices

During construction, employers generally must meet requirements to employ sufficient apprentices from a registered apprenticeship program.

Ensure all contractors and sub-contractors meet all requirements

The requirements to pay at least prevailing wages and meet apprenticeship requirements generally apply to all construction, alteration or repair work including work by contractors and subcontractors.

Keep adequate books and records

Taxpayers must keep books and records to document compliance with the PWA requirements. The IRS will request to review these books and records, along with other information, in an audit.

If you suspect that PWA increased tax credits are being claimed for a project that isn't meeting these requirements, you can report the suspected tax violation to the IRS using **Form 3949-A, Information Referral**.

To complete the form, visit: **Form 3949-A** or type **irs.gov/3949a** in your web browser. Indicate "PWA" in the "Comments" field, and provide as much specific information as possible, including the address of the job site at which the construction took place. The IRS takes referrals of alleged tax law violations seriously and considers all relevant information on any applicable audit.

For more information, visit **irs.gov/pwafaqs**.

The IRS does not provide tax advice for specific situations. You may want to consult a tax advisor.

The Taxpayer First Act protects employees who report or assist in an investigation regarding underpayment of taxes or any conduct which the employee reasonably believes constitutes a violation of internal revenue laws or any provision of Federal law relating to tax fraud.