

# GAO Highlights

Highlights of [GAO-25-107704](#), a report to congressional committees

## Why GAO Did This Study

The IRA energy tax expenditures cover subjects including clean vehicles, electricity generation, and energy efficient buildings. They are ambitious in scale and scope, with potentially significant financial impacts. As such, GAO identified questions to support effective oversight related to performance evaluation and effective administration.

Congress included a provision in the IRA for GAO to review the distribution and use of IRA funds.

This report describes (1) selected features and effective dates of each IRA energy tax expenditure, (2) the implementation status and data availability of each IRA energy tax expenditure as of January 2025, and (3) questions to support policymaker oversight of the IRA energy tax expenditures.

Information sources used by GAO include applicable federal laws, regulations, and guidance to identify and summarize features for each tax expenditure. GAO used its past reports related to tax expenditures and administration, and fraud risk management to develop questions to support oversight at this early stage of administering these tax expenditures.

While this report reflects the tax expenditures' implementation status as of January 2025, the Unified Agenda of Federal Regulatory and Deregulatory Actions is expected to be published in spring 2025 and to provide more information on the current administration's regulatory and deregulatory plans going forward. Additionally, since GAO's review, there have been legislative proposals to limit some of these tax expenditures.

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## ENERGY-RELATED TAX EXPENDITURES

### Information and Questions for Policymakers' Oversight of the Inflation Reduction Act

## What GAO Found

The Inflation Reduction Act of 2022 (IRA) included 21 energy tax expenditures—20 credits and one deduction—that support greenhouse gas emission reduction and other goals. According to the Joint Committee on Taxation, the expenditures may result in at least \$200 billion less revenue collected between 2022 and 2031.

The tax expenditures—reductions in a taxpayer's liability or payments to the taxpayer resulting from exemptions and exclusions from taxation—cover a range of activities such as fuel production and residential energy efficiency upgrades. These expenditures vary as to when taxpayers may claim them, among other things. Many include novel features that distinguish them from other tax expenditures. For example, bonus provisions allow taxpayers to claim additional amounts for some tax expenditures if they meet certain requirements, such as using a certain amount of domestic content to construct a facility.

Agencies, including the Internal Revenue Service (IRS), have made progress in implementing these tax expenditures. As of January 2025, the Department of the Treasury and IRS coordinated to draft and publish 18 of 23 (78 percent) proposed rules and 11 of 19 (58 percent) final rules IRS planned to publish. The total proposed rules do not equal the total final rules because Treasury and IRS can combine multiple proposed rules into final rules. IRS tax expenditure data were available internally as of January 2025 for six tax expenditures and IRS estimates data for an additional 11 will become available internally during 2025.

GAO has consistently called for greater scrutiny of tax expenditures. For example, in 2005, GAO recommended that the Office of Management and Budget, in consultation with Treasury, produce a framework for reviewing the performance of tax expenditures. However, as of January 2025, the recommendation had not been implemented, limiting policymakers' ability to regularly review their effectiveness.

GAO previously developed a [framework](#) for assessing tax expenditures and a [fraud risk framework](#) to help federal program managers strategically manage fraud risks. GAO applied these frameworks and other sources to provide policymakers with questions supporting evidence-based assessments for overseeing the IRA energy tax expenditures. For example:

- **What evidence will agencies use to evaluate the tax expenditures?** IRS generally collects only information needed to administer the tax code, so additional data may be needed for evaluation. In 2015, GAO recommended that Congress direct IRS to collect project-level data from taxpayers claiming two energy credits—which were extended under the IRA—to provide Congress with basic information about what projects have been supported. As of February 2025, Congress had not acted on that recommendation.
- **How effectively are agencies identifying and mitigating fraud risks?** The large amount of money available and the complexity of many of the IRA tax expenditures increase the risk of fraud. For example, in July 2024, IRS identified a scam in which unscrupulous tax return preparers led their clients to improperly claim IRA tax credits. Effective use of control activities may help IRS and other agencies detect and prevent similar fraudulent schemes.