

Advocacy Comments on IRS Proposed Rule on Prevailing Wage and Apprenticeship Requirements for Clean Energy Tax Incentives

On August 30, 2023, the Internal Revenue Service (IRS) published a proposed rule that provides guidance on the prevailing wage and apprenticeship requirements applicable to many of the clean energy tax incentives established by the Inflation Reduction Act of 2022. On October 30, 2023, the Office of Advocacy (Advocacy) filed a comment letter recommending that the IRS publish a supplemental initial regulatory flexibility analysis (IRFA).

Advocacy advised that:

- The IRFA must adequately describe and estimate the number of regulated small entities. IRS should specifically include an analysis of small entities in the construction sector.
- The IRFA must adequately estimate the economic impact of the proposed rule on affected small entities.
 - The IRS should use detailed information to analyze the relative impact of the costs of the proposed rule on small entities based on their size.
 - The IRS should reevaluate whether it has underestimated the cost burden of the proposed rule.
- The IRS must revise its IRFA to include significant regulatory alternatives that accomplish its objectives for rulemaking.
 - The IRS should provide a detailed analysis of each significant alternative and discuss how it may reduce the economic burden on small entities.
 - The IRS should examine whether elimination of the rule's preference for project labor agreements would lower the burden on small entities.

A complete copy of [Advocacy's letter to the IRS](#) is available. For more information, please contact Meagan Singer, Assistant Chief Counsel at meagan.singer@sba.gov or (202) 921-4843.

