

# Commence Construction Guidance

IRS Notice 2018-59

- Determined by the passing of either of two methods, each requires a continuity requirement:
  - Physical Work Test – starting physical work of a significant nature, requiring continuity of work with limited exceptions until completion; or
  - 5% Safe Harbor – meeting a “safe harbor” based on having paid or incurred 5% or more of the total cost of the energy property, with a broader continuity test that permits additional work, spending, or other efforts to satisfy that requirement.
  
- Under the new guidance, projects that start construction in:
  - 2019 will receive 30% ITC;
  - 2020 will receive 26% ITC;
  - 2021 will receive 22% ITC; and
  - 2022 and beyond will sunset to a continuous rate of 10% ITC.