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Notice 2021-5: Extended continuity safe harbor, renewable energy projects offshore or on federal land

The IRS late on December 31, 2020, released an advance version of Notice 2021-5 that extends a safe harbor for taxpayers developing renewable energy projects offshore or on federal land. The “continuity safe harbor” applies for 10 calendar years after the calendar year during which construction of the project began.

[Notice 2021-5](#) [PDF 102 KB] extends and modifies the “continuity safe harbor” (as previously provided by prior IRS notices, and most recently addressed by Notice 2020-41). In general, the safe harbor address the “beginning of construction” requirement for qualified facility under section 45 and energy property projects under section 48. Read more about the “continuity safe harbor” and the “beginning of construction” requirement under sections 45 and 48: [TaxNewsFlash](#)

Notice 2021-5 provides that a qualified facility or energy property construction project that is an “offshore project” or a “federal land project” (as defined) satisfies the “continuity safe harbor” if the taxpayer places the qualified facility or energy property that is the subject of the project into service within 10 calendar years after the calendar year during which construction of the project began.

Read a related IRS release: [IR-2020-281](#)(December 31, 2020)

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