



Energy Tax Credits May Help Opportunity Zone Investors Offset 2026 Tax Bill

TAX STRATEGIES | 9/15/2026



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Key insights

- As the 2026 gain recognition event for Opportunity Zone investments approaches, investors may see some relief in the form of transferable clean energy credits.
- Purchasing clean energy tax credits can result in permanent tax savings while helping achieve broader investment goals, but nuanced rules apply.
- Investors should model how a purchased credit interacts with their 2026 Opportunity Zone tax liabilities and overall planning strategy.

Learn how energy credits can ease your 2026 tax burden.

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For many Opportunity Zone (OZ) investors, 2026 is a pivotal tax planning year. While the OZ incentive has delivered years of tax deferral and the prospect of tax-free appreciation on qualifying investments, one reality remains: Deferred gains from the original OZ program become **taxable on December 31, 2026**, regardless of whether the investment is sold.

As investors begin evaluating liquidity needs and projected tax exposure, an increasingly valuable planning tool has entered the conversation: transferable energy tax credits.

For taxpayers with substantial deferred OZ gains, transferable tax credits can be a compelling planning opportunity. By combining the long-term wealth-building potential of OZ investments with the tax savings afforded by transferable energy credits, investors may be able to reduce the economic cost of their 2026 tax bill while preserving their investment strategy.

What happens to deferred OZ gains in 2026

Taxpayers who reinvested eligible capital gains into a Qualified Opportunity Fund (QOF) generally deferred recognition of those gains until the earlier of a taxable disposition of the QOF interest or

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December 31, 2026.

As a result, investors who continue to hold their QOF interests will be required to recognize deferred gain on December 31, 2026, even though they have not received cash from the investment. The resulting tax is due with 2026 income tax returns, which creates a real cash requirement that, for many investors, is not matched by a corresponding liquidity event.

How transferable energy tax credits can help offset tax liability

The Inflation Reduction Act created a market for certain federal clean energy tax credits through the enactment of Section 6418. Although the *One Big Beautiful Bill Act* rolled back certain energy credits, **credit transferability under Section 6418** was left intact, as were most credits eligible for transfer.

The transfer rules allow eligible taxpayers to purchase specified clean energy-related credits from project developers or manufacturers and use those credits to offset their federal income tax liabilities.

Eligible transferable credits include:

- Energy investment tax credits under Sections 48 and 48E
- Energy production credits under Sections 45 and 45Y
- Advanced manufacturing production credits under Section 45X
- Clean fuel production credits under Section 45Z

The appeal of a transferable credit transaction is straightforward: Investors can purchase a credit at a discount to its face value.

For example, a taxpayer may purchase a \$1 million credit for \$900,000, creating an economic benefit while reducing current federal income tax obligations.

The spread between the credit's purchase price and face value, \$100,000 in the example above, is fully tax-free to the purchaser.

The strategy doesn't eliminate the gain itself. Rather, it provides a mechanism to satisfy the resulting federal income tax liability more efficiently.

New guidance on Qualified Opportunity Zones makes year-end 2026 a critical planning point for existing investments, working capital plans, and post-2026 acquisitions. [Read more.](#)

The passive activity rule that may limit credit use

The transferable credit rules state that a purchased credit under Section 6418 is treated as a passive credit in the hands of the buyer. The effect is the credit can only be used against tax liability attributable to passive activities.

For most C corporations, this isn't an issue because they are exempt from passive activity rules and can therefore use their purchased credits against active income from operations.

But it's a different story for individuals, who make up the majority of OZ investors. Because individuals are generally subject to passive activity rules, purchased credits can only be used against their tax liability arising from passive activities, such as certain rental activities or income generated from businesses where the individual does not materially participate. This category of income should not be confused with portfolio income, such as dividends and interest, the tax liability from which cannot be offset with purchased credits.

This distinction is particularly important because the mandatory gain recognized in 2026 from a QOF investment retains its character as capital gain and doesn't automatically generate passive activity income.

In other words, gain deferred and invested into a QOF that stemmed from a passively held investment could benefit from an energy credit purchase. Examples include gains generated from the sale of

passively held real estate or business interests.

Investors should carefully model how a purchased credit interacts with their broader tax profile. Taxpayers with substantial passive income from real estate investments, private equity funds, or other passive activities may be well-positioned to use transferred credits.

Conversely, investors whose income is primarily derived from wages, portfolio investments, or active business interests may encounter limitations on credit utilization.

With overlapping designations and shifting census data, many OZ investors are testing how their approach holds up under different scenarios. Take a closer look.

What to consider before buying transferable tax credits

While the concept is straightforward, execution requires careful planning.

Confirm you can use the purchased credits

First, taxpayers must confirm they have sufficient federal tax liability to use purchased credits. This requires a thorough analysis of the investor's tax profile and evaluation of potential impacts from general business credit limitations, the alternative minimum tax, tax attribute carryovers, foreign entity restrictions, and passive activity losses.

Understand credit pricing, availability, and transaction costs

Credit markets are evolving rapidly. Availability, pricing, diligence requirements, and transaction costs can vary significantly based on credit type and the underlying project.

Model credit planning with your broader 2026 tax strategy

Coordinate transferable credit planning with other 2026 **tax mitigation strategies**, including capital loss harvesting, charitable planning, installment sales, and overall liquidity management. Many OZ investors may benefit from modeling several scenarios well before year-end 2026.

How CLA can help evaluate transferable energy tax credits

The intersection of Opportunity Zones and transferable tax credits is creating new planning opportunities for taxpayers with significant deferred gains. As December 31, 2026, approaches, investors should begin developing a comprehensive strategy that aligns both tax and investment objectives.

CLA's **Opportunity Zone** and **energy tax credit teams** can help you model, quantify, and execute a tax credit strategy designed to mitigate 2026 tax exposure while preserving your overall investment strategy.

Contact us

Learn how energy credits can ease your 2026 tax burden. Complete the form below to connect with CLA.

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