



Internal Revenue Service
CC:PA:LPD:PR (Notice 2022-50)
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C., 20044

Response to: Notice 2022-50: Request for Comments on Elective Payment of Applicable Credits and Transfer of Certain Credits

Submitted Electronically

Dear Secretary Yellen, et. al.:

LG Energy Solution (LGES), in partnership with LG Chem and the rest of the LG Group (LG), appreciates the opportunity to submit comments in response to IRS Notice 2022-50, regarding Elective Payment of Applicable Credits and Transfer of Certain Credits.

As a global leader in manufacturing and research and development of electric vehicle (EV) batteries, in the United States and around the world, LGES believes that we are uniquely positioned to help the Department of Treasury implement the Inflation Reduction Act effectively, efficiently, and—critically—in a way that will help unleash the potential of the entire EV supply chain.

We have separately filed comments in response to Notice 2022-46: Request for Comments on Credits for Clean Vehicles, and Notice 2022-47: Request for Comments on Energy Security Tax Credits for Manufacturing. Our comment in response to Notice 2022-46 includes background on LG Group and affiliates LGES and LG Chem, and our history and plans with regard to manufacturing and development of EV batteries and energy storage systems in the United States.

45X Direct Payment Elections Under Section 6417

Comment in Response to IRS Notice 2022-50

.01 Elective Payment of Applicable Credits (§ 6417)

(2) With respect to the Secretary’s discretion to determine the time and manner for making an election under § 6417(a):

(b) What factors should the Treasury Department and the IRS consider in determining the time and manner for making the election?

Section 6417(d)(3)(A)(i)(II) provides, “in any other case, the due date (including extensions of time) for the return of tax for the taxable year for which the election is made, but in no event earlier than 180 days after the date of the enactment of this section.”

This implies there might be a significant interval in time between when the taxpayer’s eligibility for a section 45X credit is satisfied and the actual receipt by the taxpayer of a cash refund



of the credit via direct pay. For example, let's assume a calendar year taxpayer satisfied all requirements to claim a section 45X credit by December 31, 2023. Considering it typically takes at least several months to prepare the annual corporate income tax return without filing an extension, practically it will not be before April 15, 2024 for this taxpayer to claim its 2023 tax year's Section 45X credit. If the taxpayer had to file an extension, the return (and claim for a refund of the 45X credit) would not be filed until October 15, 2024. Considering several months of processing time for the IRS to refund the cash credit to the taxpayer, it may be as late as 2025 for that taxpayer to actually receive 2023's Section 45X credit.

LGES requests that Treasury/IRS provide in its forthcoming guidance a process by which a Section 45X credit refund payment can be accelerated so that the eligible taxpayer can receive the credit on a real time basis with a potential "true-up" at a later time.

CONCLUSION

LGES, LG Chem, and LG Group are committed to doing our part to continue the advancement of clean energy technologies and manufacturing – in particular in relation to electric vehicle batteries -- in the United States. We greatly appreciate the work of the U.S. Department of the Treasury in seeking stakeholder guidance in its implementation of the critically important Inflation Reduction Act. We look forward to working with you further in this effort.