

# Wells Fargo Tax Credit Transfers

## Case Study: From federal incentives to balance-sheet impact

For corporate taxpayers with U.S. federal income tax liabilities, tax credit transfers have emerged as a practical way to convert federal clean energy incentives into near-term, dollar-for-dollar tax savings.

Under the Inflation Reduction Act of 2022, and as updated by the One Big Beautiful Bill Act of 2025, eligible tax credits generated by renewable energy projects and manufacturing facilities can be transferred to unrelated corporate taxpayers at a **discount to face value**, reducing cash taxes owed while supporting domestic energy infrastructure.

Wells Fargo has completed billions of dollars of tax credit transfers to date, helping corporate buyers efficiently monetize federal incentives through **disciplined execution, robust diligence, and well-defined buyer protections**.

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## Case study

In late 2025, Wells Fargo executed a Tax Credit Purchase Agreement with a large corporate taxpayer to transfer a **diversified portfolio** of 2025 federal tax credits, combining both Investment Tax Credits (ITCs) and Production Tax Credits (PTCs). Wells Fargo acted as seller and arranger, providing the buyer with direct access to credits from projects in which Wells Fargo was already invested.

The transaction included tax credits from two operating projects that were placed in service prior to closing.

- \$97.5 million of ITCs from a battery energy storage project
- \$7.0 million of PTCs from a wind energy project

The credits were purchased at a **discount to face value**. To align with standard corporate tax planning practices, cash settlement was structured around the **buyer's quarterly estimated tax payment dates**, enabling the credits to be monetized in alignment with existing treasury and tax workflows rather than as a standalone financing event.

As part of this transaction, the buyer benefits from a **Wells Fargo indemnity** designed to protect against losses arising from credit disallowance, recapture, or reduction, subject to the terms and limitations set forth in the transaction documentation. The indemnity reflects Wells Fargo's role as the tax equity investor in the underlying projects and its ability to stand behind credits generated by its own investments.

As a result of the transaction, the buyer **reduced their federal tax liability by several million dollars** while supporting domestic energy infrastructure.

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From the buyer's perspective:

### **The buyer received a diligence package built for confidence**

Tax credit transfers are **diligence-driven transactions**. For corporate buyers, the purpose of diligence is not volume of information, but confidence that the credits are valid, defensible, and transferable over time. In this transaction, Wells Fargo delivered a set of diligence materials and closing deliverables aligned with market expectations and designed to **support auditability**.

Examples of diligence deliverables include:

- **Cost substantiation for ITCs**, including a final project fair market value appraisal and a cost segregation report for the energy property
- **Placed-in-service certifications**, supported by independent engineer completion certifications
- **Production reports for PTCs** for the relevant period
- **Documentation supporting eligibility for applicable bonus credits**, such as domestic content or energy community adders, including location analyses, supplier or manufacturer attestations, cost breakdowns, and third-party reports where applicable
- **Beginning of construction support**, including evidence supporting satisfaction of the applicable physical work or safe harbor requirements and the construction start methodology
- **Certification that prevailing wage and apprenticeship regulations were met**, with third-party reporting on compliance where applicable
- **Draft transfer documentation**, including transfer election statements aligned with IRS requirements and the IRS process referenced in the agreement

Completing this transaction meant:

- **Measurable tax savings** through the purchase of tax credits at a discount to face value, completed on the buyer's chosen payment timeline
- **Execution confidence**, supported by a market-tested transaction framework with defined diligence standards, clearly articulated closing deliverables, and an IRS-compliant transfer process

- **Risk mitigation** through seller-provided protections, including a Wells Fargo indemnity for credits generated by its own investments which is designed to protect the buyer against losses tied to credit disallowance, recapture, or reduction, subject to the transaction documentation
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## The takeaway

For corporate taxpayers, tax credit transfers are a **practical, repeatable way to reduce federal income tax expense**. With scale, transaction experience, robust diligence, and Wells Fargo-backed buyer protections for certain credits, Wells Fargo Renewable Energy & Environmental Finance helps corporate buyers transact with confidence.

### Wells Fargo Renewable Energy & Environmental Finance (REEF)

Wells Fargo's Renewable Energy & Environmental Finance team is a long-standing leader in tax credit finance and the tax credit transfer market, combining deep project diligence capabilities with relationships across developers, manufacturers, advisors, and leading legal teams. REEF's direct investments in renewable energy projects produce transferable tax credits, making Wells Fargo an experienced driver of the market.

### What differentiates Wells Fargo for tax credit buyers

- **Scale and experience:** 50+ clean energy tax credit investment professionals and a decades-long track record. Between January 2005 and October 2025, REEF provided over \$22.9B of financing to renewable energy projects, supporting ~12% of the utility-scale wind and solar capacity in the U.S.
- **Extensive inventory:** One of the largest credit inventories in the marketplace.
- **No buyer-side fees**
- **Wells Fargo-backed indemnity:** For credits transferred from Wells Fargo tax equity investments, buyers benefit from Wells Fargo's underwriting diligence and a comprehensive seller indemnity designed to protect buyers from loss related to credit recapture, reduction, or disallowance, subject to transaction documentation.

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