out as an Effective Date of 2008 Amendment note under section 38 of this title.

§ 45P. Employer wage credit for employees who are active duty members of the uniformed services

(a) General rule

For purposes of section 38, the differential wage payment credit for any taxable year is an amount equal to 20 percent of the sum of the eligible differential wage payments for each of the qualified employees of the taxpayer during such taxable year.

(b) Definitions

For purposes of this section—

(1) Eligible differential wage payments

The term ''eligible differential wage payments'' means, with respect to each qualified employee, so much of the differential wage payments (as defined in section 3401(h)(2)) paid to such employee for the taxable year as does not exceed $20,000.

(2) Qualified employee

The term ''qualified employee'' means a person who has been an employee of the taxpayer for the 91-day period immediately preceding the period for which any differential wage payment is made.

(3) Controlled groups

All persons treated as a single employer under subsection (b), (c), (m), or (*o*) of section 414 shall be treated as a single employer.

(c) Coordination with other credits

The amount of credit otherwise allowable under this chapter with respect to compensation paid to any employee shall be reduced by the credit determined under this section with respect to such employee.

(d) Disallowance for failure to comply with employment or reemployment rights of members of the reserve components of the Armed Forces of the United States

No credit shall be allowed under subsection (a) to a taxpayer for—

(1) any taxable year, beginning after the date of the enactment of this section, in which the taxpayer is under a final order, judgment, or other process issued or required by a district court of the United States under section 4323 of title 38 of the United States Code with respect to a violation of chapter 43 of such title, and

(2) the 2 succeeding taxable years.

(e) Certain rules to apply

For purposes of this section, rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply.

(Added Pub. L. 110–245, title I, §111(a), June 17, 2008, 122 Stat. 1634; amended Pub. L. 111–312, title VII, §736(a), Dec. 17, 2010, 124 Stat. 3318; Pub. L. 112–240, title III, §308(a), Jan. 2, 2013, 126 Stat. 2329; Pub. L. 113–295, div. A, title I, §118(a), Dec. 19, 2014, 128 Stat. 4015; Pub. L. 114–113, div. Q, title I, §122(a), (b), Dec. 18, 2015, 129 Stat. 3052.)

REFERENCES IN TEXT

The date of the enactment of this section, referred to in subsec. (d)(1), is the date of the enactment of Pub. L. 110–245, which was approved June 17, 2008.

AMENDMENTS

2015—Subsec. (a). Pub. L. 114–113, §122(b)(1), struck out '', in the case of an eligible small business employer'' after ''section 38''.

Subsec. (b)(3). Pub. L. 114–113, §122(b)(2), amended par. (3) generally. Prior to amendment, par. (3) defined ''eligible small business employer''.

Subsec. (f). Pub. L. 114–113, §122(a), struck out subsec. (f). Text read as follows: ''This section shall not apply to any payments made after December 31, 2014.''

2014—Subsec. (f). Pub. L. 113–295 substituted ''December 31, 2014'' for ''December 31, 2013''.

2013—Subsec. (f). Pub. L. 112–240 substituted ''December 31, 2013'' for ''December 31, 2011''.

2010—Subsec. (f). Pub. L. 111–312 substituted ''December 31, 2011'' for ''December 31, 2009''.

EFFECTIVE DATE OF 2015 AMENDMENT

Pub. L. 114–113, div. Q, title I, §122(c), Dec. 18, 2015, 129 Stat. 3052, provided that:

''(1) EXTENSION.—The amendment made by subsection (a) [amending this section] shall apply to payments made after December 31, 2014.

''(2) MODIFICATION.—The amendments made by subsection (b) [amending this section] shall apply to taxable years beginning after December 31, 2015.''

EFFECTIVE DATE OF 2014 AMENDMENT

Pub. L. 113–295, div. A, title I, §118(b), Dec. 19, 2014, 128 Stat. 4015, provided that: ''The amendment made by this section [amending this section] shall apply to payments made after December 31, 2013.''

EFFECTIVE DATE OF 2013 AMENDMENT

Pub. L. 112–240, title III, §308(b), Jan. 2, 2013, 126 Stat. 2329, provided that: ''The amendment made by this section [amending this section] shall apply to payments made after December 31, 2011.''

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111–312, title VII, §736(b), Dec. 17, 2010, 124 Stat. 3318, provided that: ''The amendment made by this section [amending this section] shall apply to payments made after December 31, 2009.''

EFFECTIVE DATE

Section applicable to amounts paid after June 17, 2008, see section 111(e) of Pub. L. 110–245, set out as an Effective Date of 2008 Amendment note under section 38 of this title.

§ 45Q. Credit for carbon dioxide sequestration

(a) General rule

For purposes of section 38, the carbon dioxide sequestration credit for any taxable year is an amount equal to the sum of—

(1) $20 per metric ton of qualified carbon dioxide which is—

(A) captured by the taxpayer at a qualified facility, and

(B) disposed of by the taxpayer in secure geological storage and not used by the taxpayer as described in paragraph (2)(B), and

(2) $10 per metric ton of qualified carbon dioxide which is—

(A) captured by the taxpayer at a qualified facility,

(B) used by the taxpayer as a tertiary injectant in a qualified enhanced oil or natural gas recovery project, and

(C) disposed of by the taxpayer in secure geological storage.

(b) Qualified carbon dioxide

For purposes of this section—

(1) In general

The term ''qualified carbon dioxide'' means carbon dioxide captured from an industrial source which—

(A) would otherwise be released into the atmosphere as industrial emission of greenhouse gas, and

(B) is measured at the source of capture and verified at the point of disposal or injection.

(2) Recycled carbon dioxide

The term ''qualified carbon dioxide'' includes the initial deposit of captured carbon dioxide used as a tertiary injectant. Such term does not include carbon dioxide that is re-captured, recycled, and re-injected as part of the enhanced oil and natural gas recovery process.

(c) Qualified facility

For purposes of this section, the term ''qualified facility'' means any industrial facility—

(1) which is owned by the taxpayer,

(2) at which carbon capture equipment is placed in service, and

(3) which captures not less than 500,000 metric tons of carbon dioxide during the taxable year.

(d) Special rules and other definitions

For purposes of this section—

(1) Only carbon dioxide captured and disposed of or used within the United States taken into account

The credit under this section shall apply only with respect to qualified carbon dioxide the capture and disposal or use of which is within—

(A) the United States (within the meaning of section 638(1)), or

(B) a possession of the United States (within the meaning of section 638(2)).

(2) Secure geological storage

The Secretary, in consultation with the Administrator of the Environmental Protection Agency, the Secretary of Energy, and the Secretary of the Interior, shall establish regulations for determining adequate security measures for the geological storage of carbon dioxide under paragraph (1)(B) or (2)(C) of subsection (a) such that the carbon dioxide does not escape into the atmosphere. Such term shall include storage at deep saline formations, oil and gas reservoirs, and unminable coal seams under such conditions as the Secretary may determine under such regulations.

(3) Tertiary injectant

The term ''tertiary injectant'' has the same meaning as when used within section 193(b)(1).

(4) Qualified enhanced oil or natural gas recovery project

The term ''qualified enhanced oil or natural gas recovery project'' has the meaning given the term ''qualified enhanced oil recovery project'' by section 43(c)(2), by substituting ''crude oil or natural gas'' for ''crude oil'' in subparagraph (A)(i) thereof.

(5) Credit attributable to taxpayer

Any credit under this section shall be attributable to the person that captures and physically or contractually ensures the disposal of or the use as a tertiary injectant of the qualified carbon dioxide, except to the extent provided in regulations prescribed by the Secretary.

(6) Recapture

The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any qualified carbon dioxide which ceases to be captured, disposed of, or used as a tertiary injectant in a manner consistent with the requirements of this section.

(7) Inflation adjustment

In the case of any taxable year beginning in a calendar year after 2009, there shall be substituted for each dollar amount contained in subsection (a) an amount equal to the product of—

(A) such dollar amount, multiplied by

(B) the inflation adjustment factor for such calendar year determined under section 43(b)(3)(B) for such calendar year, determined by substituting ''2008'' for ''1990''.

(e) Application of section

The credit under this section shall apply with respect to qualified carbon dioxide before the end of the calendar year in which the Secretary, in consultation with the Administrator of the Environmental Protection Agency, certifies that 75,000,000 metric tons of qualified carbon dioxide have been taken into account in accordance with subsection (a).

(Added Pub. L. 110–343, div. B, title I, § 115(a), Oct. 3, 2008, 122 Stat. 3829; amended Pub. L. 111–5, div. B, title I, § 1131(a), (b), Feb. 17, 2009, 123 Stat. 325; Pub. L. 113–295, div. A, title II, § 209(j)(1), Dec. 19, 2014, 128 Stat. 4030.)

INFLATION ADJUSTED ITEMS FOR CERTAIN TAX YEARS

For inflation adjustment of certain items in this section, see Internal Revenue Notices listed in a table below.

AMENDMENTS

2014—Subsec. (d)(2). Pub. L. 113–295 substituted ''Administrator of the Environmental Protection Agency, the Secretary of Energy, and the Secretary of the Interior, shall establish'' for ''Administrator of the Environmental Protection Agency the Secretary of Energy, and the Secretary of the Interior,, shall establish''.

2009—Subsec. (a)(1)(B). Pub. L. 111–5, § 1131(b)(2), inserted ''and not used by the taxpayer as described in paragraph (2)(B)'' after ''storage''.

Subsec. (a)(2)(C). Pub. L. 111–5, § 1131(a), added subpar. (C).

Subsec. (d)(2). Pub. L. 111–5, § 1131(b)(1), inserted ''the Secretary of Energy, and the Secretary of the Interior,'' after ''Environmental Protection Agency'' and substituted ''paragraph (1)(B) or (2)(C) of subsection (a)'' for ''subsection (a)(1)(B)'' and '', oil and gas reservoirs, and unminable coal seams'' for ''and unminable coal seems''.

Subsec. (e). Pub. L. 111–5, § 1131(b)(3), substituted ''taken into account in accordance with subsection (a)'' for ''captured and disposed of or used as a tertiary injectant''.

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113–295 effective as if included in the provisions of the American Recovery and Rein-

vestment Tax Act of 2009, Pub. L. 111–5, div. B, title I, to which such amendment relates, see section 209(k) of Pub. L. 113–295, set out as a note under section 24 of this title.

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111–5, div. B, title I, § 1131(c), Feb. 17, 2009, 123 Stat. 325, provided that: ''The amendments made by this section [amending this section] shall apply to carbon dioxide captured after the date of the enactment of this Act [Feb. 17, 2009].''

EFFECTIVE DATE

Section applicable to carbon dioxide captured after Oct. 3, 2008, see section 115(d) of Pub. L. 110–343, set out as an Effective Date of 2008 Amendment note under section 38 of this title.

INFLATION ADJUSTED ITEMS FOR CERTAIN YEARS

Provisions relating to inflation adjustment of items in this section for certain years were contained in the following:

2015—Internal Revenue Notice 2015–44.
2014—Internal Revenue Notice 2014–40.
2013—Internal Revenue Notice 2013–34.
2012—Internal Revenue Notice 2012—42.
2011—Internal Revenue Notice 2011–50.
2010—Internal Revenue Notice 2010–75.

§ 45R. Employee health insurance expenses of small employers

(a) General rule

For purposes of section 38, in the case of an eligible small employer, the small employer health insurance credit determined under this section for any taxable year in the credit period is the amount determined under subsection (b).

(b) Health insurance credit amount

Subject to subsection (c), the amount determined under this subsection with respect to any eligible small employer is equal to 50 percent (35 percent in the case of a tax-exempt eligible small employer) of the lesser of—

(1) the aggregate amount of nonelective contributions the employer made on behalf of its employees during the taxable year under the arrangement described in subsection (d)(4) for premiums for qualified health plans offered by the employer to its employees through an Exchange, or

(2) the aggregate amount of nonelective contributions which the employer would have made during the taxable year under the arrangement if each employee taken into account under paragraph (1) had enrolled in a qualified health plan which had a premium equal to the average premium (as determined by the Secretary of Health and Human Services) for the small group market in the rating area in which the employee enrolls for coverage.

(c) Phaseout of credit amount based on number of employees and average wages

The amount of the credit determined under subsection (b) without regard to this subsection shall be reduced (but not below zero) by the sum of the following amounts:

(1) Such amount multiplied by a fraction the numerator of which is the total number of full-time equivalent employees of the employer in excess of 10 and the denominator of which is 15.

(2) Such amount multiplied by a fraction the numerator of which is the average annual wages of the employer in excess of the dollar amount in effect under subsection (d)(3)(B) and the denominator of which is such dollar amount.

(d) Eligible small employer

For purposes of this section—

(1) In general

The term ''eligible small employer'' means, with respect to any taxable year, an employer—

(A) which has no more than 25 full-time equivalent employees for the taxable year,

(B) the average annual wages of which do not exceed an amount equal to twice the dollar amount in effect under paragraph (3)(B) for the taxable year, and

(C) which has in effect an arrangement described in paragraph (4).

(2) Full-time equivalent employees

(A) In general

The term ''full-time equivalent employees'' means a number of employees equal to the number determined by dividing—

(i) the total number of hours of service for which wages were paid by the employer to employees during the taxable year, by

(ii) 2,080.

Such number shall be rounded to the next lowest whole number if not otherwise a whole number.

(B) Excess hours not counted

If an employee works in excess of 2,080 hours of service during any taxable year, such excess shall not be taken into account under subparagraph (A).

(C) Hours of service

The Secretary, in consultation with the Secretary of Labor, shall prescribe such regulations, rules, and guidance as may be necessary to determine the hours of service of an employee, including rules for the application of this paragraph to employees who are not compensated on an hourly basis.

(3) Average annual wages

(A) In general

The average annual wages of an eligible small employer for any taxable year is the amount determined by dividing—

(i) the aggregate amount of wages which were paid by the employer to employees during the taxable year, by

(ii) the number of full-time equivalent employees of the employee determined under paragraph (2) for the taxable year.

Such amount shall be rounded to the next lowest multiple of $1,000 if not otherwise such a multiple.

(B) Dollar amount

For purposes of paragraph (1)(B) and subsection (c)(2)—

(i) 2010, 2011, 2012, and 2013

The dollar amount in effect under this paragraph for taxable years beginning in 2010, 2011, 2012, or 2013 is $25,000.