

CLIENT ALERT

Section 45Q Safe Harbor Modified and Expanded

August 17, 2026

AUTHORS

Robert Jacobson | Amanda Rosenberg | Melissa Abi Jaoude

The U.S. Department of the Treasury and the IRS recently released Notice 2026-50, which modifies and expands the safe harbor originally provided in Notice 2026-1 for taxpayers claiming the Section 45Q credit for carbon oxide sequestration.

[Notice 2026-1](#) provided a safe harbor for determining eligibility for the Section 45Q credit for qualified carbon oxide that is captured and disposed of in secure geological storage and not used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project for 2025. Under the safe harbor, if the EPA did not launch its electronic Greenhouse Gas Reporting Tool for 2025 by June 10, 2026, taxpayers could satisfy the Section 45Q reporting requirements by preparing an annual report consistent with EPA regulations, as in effect on December 31, 2025, that is certified by an independent qualified engineer or geologist.

[Notice 2026-50](#) extends the scope of the safe harbor in two significant ways: first, it now covers qualified carbon oxide used as a tertiary injectant in qualified enhanced oil or natural gas recovery projects, and second, it provides guidance on determining the amount of qualified carbon oxide subject to recapture. The notice also extends the applicability period of the safe harbor to secure geological storage occurring on or after January 1, 2025 and on or

before December 31 of the calendar year in which the Department of the Treasury and the IRS publish further interim guidance or forthcoming proposed regulations.

If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

Robert Jacobson

713 510 1713

rjacobson@willkie.com

Amanda Rosenberg

310 728 8313

arosenberg@willkie.com

Melissa Abi Jaoude

212 728 3936

mabijaoude@willkie.com

WILLKIE

BRUSSELS CHICAGO DALLAS FRANKFURT HAMBURG HOUSTON LONDON LOS ANGELES
MILAN MUNICH NEW YORK PALO ALTO PARIS ROME SAN FRANCISCO WASHINGTON

Copyright © 2026 Willkie Farr & Gallagher LLP. All rights reserved.

This alert is provided for educational and informational purposes only and is not intended and should not be construed as legal advice, and it does not establish an attorney-client relationship in any form. This alert may be considered advertising under applicable state laws. Our website is: www.willkie.com.