

GAAP BARS Alert – FY2024 BARS code



Office of the
Washington
State Auditor
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New BARS code regarding the Inflation Reduction Act (IRA) signed into law on August 16, 2022.

This Alert applies to GAAP governments that participate and receive tax incentive payments from the federal government in relation to the IRA.

The Internal Revenue Service provides guidance on the Inflation Reduction Act of 2022. Visit <https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022> for more information.

The Government Finance Officers Association (GFOA) has released guidance on the IRA. Visit <https://www.gfoa.org/ira-implementation-resources> for more information.

It is recommended that governments check with their individual associations, tax accountants, the IRS, and legal counsel for help in determining the requirements of the IRA. SAO is unable to provide tax or legal guidance on the IRA.

Accounting and reporting

The refundable tax credits offered under the IRA of 2022 are voluntary non-exchange transactions and there is not a binding agreement with the federal government that ensures payment of a specified amount.

Due to the lack of a binding agreement GAAP governments would recognize revenue in these two instances:

The government has incurred the expenditures related to the IRA tax credit, and

- 1) Upon receipt of payment from the federal government, or
- 2) Upon receipt of an official binding agreement from the federal government with the specific amount to be received by the government.

Governments should report the revenue in BARS Code 332.21.40 – Federal Tax Credits.

SAO has determined that these funds would not be subject to the Schedule 16/SEFA reporting, nor a single audit.

For questions related to BARS coding, accounting, or reporting please use the [SAO Helpdesk](#).