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Instructions for Form 7220



(December 2025)

Prevailing Wage and Apprenticeship (PWA) Verification and Corrections

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Future Developments

For the latest information about developments related to Form 7220 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form7220](https://www.irs.gov/Form7220).

What's New

New Form 7220. Form 7220, Prevailing Wage and Apprenticeship (PWA) Verification and Corrections, will be used to report information if you're claiming increased credit or deduction amounts for satisfying certain PWA requirements. This form is also used to calculate any related penalties.

Purpose of Form

Use Form 7220 to report information for each facility that you're claiming increased credit or deduction amounts for satisfying certain PWA requirements.

Note: For purposes of these instructions only, the term "facility" also includes property, project, technology, equipment, or residence, as applicable.

The increased credit or deduction amounts for satisfying certain PWA requirements can be claimed on the following forms.

- Form 3468, Investment Credit, Part III, V, or VI.
- Form 7205, Energy Efficient Commercial Buildings Deduction.
- Form 7210, Clean Hydrogen Production Credit.
- Form 7211, Clean Electricity Production Credit.
- Form 7213, Nuclear Power Production Credit, Part II.
- Form 7218, Clean Fuel Production Credit.
- Form 8835, Renewable Electricity Production Credit.
- Form 8908, Energy Efficient Home Credit.
- Schedule A (Form 8911), Alternative Fuel Vehicle Refueling Property, Part II.
- Form 8933, Carbon Oxide Sequestration Credit.

If applicable, file a separate Form 7220 for each facility for which you're claiming increased credit or deduction amounts. For example, if you filed three Forms 8835 with increased credit amounts for satisfying certain PWA requirements, you must submit three Forms 7220.

You must file a separate Form 7220 to report ongoing compliance with the prevailing wage requirements for alterations or repairs on facilities placed in service in a prior year that you claimed the increased credit or deduction amounts.

Use Form 7220 to also calculate any penalties due to failing to satisfy certain PWA requirements when increased credit or deduction amounts were claimed.

Beginning of Construction (BOC) and One Megawatt Exceptions

If you're claiming the increased credit or deduction amounts and satisfy the BOC or the One Megawatt exception, you're not required to file Form 7220. For more information, see T.D. 9998, available at [IRS.gov/irb/2024-34_IRB#TD-9998](https://www.irs.gov/irb/2024-34_IRB#TD-9998); T.D. 10015, available at [IRS.gov/irb/2024-52_IRB#TD-10015](https://www.irs.gov/irb/2024-52_IRB#TD-10015); and T.D. 10024, available at [IRS.gov/irb/2025-12_IRB#TD-10024](https://www.irs.gov/irb/2025-12_IRB#TD-10024).

Prevailing Wage Requirements

Note: For purposes of these instructions only, the term "construction" also includes re-equipping, expansion, establishment, or installation (as applicable).

To meet the prevailing wage requirements with respect to any qualified facility, a taxpayer must ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in:

- The construction of such facility, and
- The alteration or repair of such facility (with respect to any tax year, for any portion of such tax year that is within the 10-year period beginning on the date the qualified facility is originally placed in service), are paid wages at rates not less than the prevailing rates.

The following apply.

- The section 45U nuclear power production credit requires that laborers and mechanics be paid wages at rates not less than the prevailing rates for alterations or repairs of the facility. There are no prevailing wage requirements during the construction of the facility. For more information, see section 45U(d).
- For the section 45Q carbon oxide sequestration credit, the prevailing wage requirement period for alterations and repairs of facilities is 12 years after the facility was originally placed in service. For more information, see section 45Q(h).
- The section 30C alternative fuel vehicle refueling property credit, the section 45L new energy efficient home credit, the section 179D energy efficient commercial buildings deduction, and the section 48C qualifying advanced energy project credit require that laborers and mechanics be paid wages at rates not less than the prevailing rates during the construction of the facility. There are no prevailing wage requirements for alteration or repair.
- For the section 48 energy credit and the section 48E clean electricity investment credit, the prevailing wage requirement period for alterations and repairs of the project is 5 years beginning on the date such project is originally placed in service. The increased credit amount is subject to recapture during the 5-year period following

the placed-in-service date if the prevailing wage requirement is not satisfied with respect to any alteration or repair during such period. For more information, see Regulations sections 1.48-13(c) and 1.48E-3(e).

- For the section 45Z clean fuel production credit, if the facility was placed in service before 2025, the prevailing wage requirements apply only to any alteration or repair of a facility that is performed after 2024. See section 45Z(f)(6) and Regulations section 1.45Z-3. Prevailing wage requirements apply to any construction, alteration, or repair of a facility placed in service after 2024.

Correction and Penalty Related to Failure to Satisfy Prevailing Wage Requirements

If you fail to meet the prevailing wage requirements, you will still be eligible for the increased amount by making certain correction and penalty payments if, for all laborers or mechanics paid wages below the prevailing wage rate, you:

- Pay each laborer or mechanic the sum of (i) the difference between the amount of wages paid to the laborer or mechanic during the period and the amount of wages required to be paid to the laborer or mechanic during that period in order to meet the prevailing wage requirements, and (ii) interest on the amount under (i) at the underpayment rate established under section 6621 (determined by substituting six percentage points for three percentage points in section 6621(a)(2)) for the applicable period; and
- Pay a penalty of \$5,000 multiplied by the total number of laborers and mechanics who were paid wages at a rate below the prevailing wage rate described in section 45(b)(7)(A) for any period during the year.

For more information, see Regulations section 1.45-7(c).

Note: The penalty payment is waived if you make correction payments by the last day of the first month following the end of the calendar quarter when the failure occurred, and either:

- The failure occurred in less than 10% of pay periods of the calendar year (or part thereof), or
- Total underpayments during the calendar year (or part thereof) weren't more than 5% below the prevailing wage rate amount.

Apprenticeship Requirements

During the construction of a facility, you must satisfy the apprenticeship requirements. The apprenticeship requirements include three components: a labor hours requirement, a ratio requirement, and a participation requirement.

- The taxpayer must ensure that depending on when construction began, 10% to 15% of the total labor hours performed in the construction, alteration, or repair of the facility are performed by qualified apprentices from a registered apprenticeship program.
- The taxpayer must ensure that the applicable ratio of apprentices to journeyworkers established by the registered apprenticeship program are met for apprentices working on the facility each day.
- Any taxpayer (or contractor or subcontractor) that employs four or more individuals in the construction, alteration, or repair of the facility must also hire at least one qualified apprentice.

For more information, see section 45(b)(8).

The section 45L new energy efficient home credit and the section 45U nuclear power production credit don't have apprenticeship requirements.

Good Faith Effort Exception

You will be deemed to have satisfied the apprenticeship requirements if you requested qualified apprentices from a registered apprenticeship program, and:

- The request was denied (as long as you and your contractors didn't refuse to comply with the registered apprenticeship program requirements), or
- The registered apprenticeship program did not respond within 5 days.

See Regulations section 1.45-8(f)(1) for more information and examples.

See [Registered Apprenticeship Program](#), later.

Apprenticeship Cure Provision

If the Good Faith Effort Exception doesn't apply, you will be deemed to have satisfied the apprenticeship requirements if you make a penalty payment to the IRS. The penalty amount is \$50 multiplied by the total labor hours for which the labor hours requirement and/or the participation requirement was not satisfied with respect to the construction, alteration, or repair work of the facility. For more information, see Regulations section 1.45-8(f)(2).

Project Labor Agreements (PLAs)

The penalty payment required to cure a failure to satisfy the prevailing wage requirements or the apprenticeship requirements does not apply to the construction, alteration, or repair work of a qualified facility if the work is done pursuant to a qualifying PLA and any correction payment owed to any laborer or mechanic is paid on or before the date on which you claim the increased amount of credits or deduction. For more information, see Regulations sections 1.45-7(c)(6)(ii) and 1.45-8(f)(2)(v). Special rules apply for PLAs under section 45U, Zero-emission nuclear power production credit. See Regulations section 1.45U-3(b) for more information.

Definitions

Bona Fide Fringe Benefits

The term "bona fide fringe benefits" means fringe benefits described in 29 CFR part 5. Bona fide fringe benefits include medical or hospital care, retirement or death benefits, job-related injury or illness compensation, insurance for these benefits, unemployment benefits, life and disability insurance, vacation or holiday pay, and cost for apprenticeship or similar programs. They don't include benefits required by other federal, state or local laws. For more information, see Regulations section 1.45-7(d)(2).

Construction, Alteration, or Repair

The term "construction, alteration, or repair" generally means those activities described in 29 CFR part 5.2. It doesn't include routine maintenance done to keep a facility running after it's placed in service, including inspections, cleaning, and replacement of materials with limited life spans such as filters, light bulbs, or calibrating

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equipment. Routine maintenance is regular, recurring, and meant to preserve the facility, not improve it. Whether work counts as construction, alteration, or repair depends on the specific facts and circumstances. For more information, see Regulations section 1.45-7(d)(3).

Contractor

The term “contractor” means any person that enters into a contract directly with the taxpayer (or the taxpayer’s designee, assignee, or agent) for the construction, alteration, or repair of a facility.

Employed

The term “employed” means performing the duties of a laborer or mechanic for the taxpayer, contractor, or subcontractor (as applicable), regardless of whether the individual would be characterized as an employee or an independent contractor for other federal tax purposes.

Journeyworker

The term “journeyworker” means an individual who has attained a level of skill, abilities, and competencies recognized within an industry as having mastered the skills and competencies required for the occupation. This also refers to a mentor, technician, specialist, or other skilled individual who has documented sufficient skills and knowledge of an occupation, either through formal apprenticeship or through practical on-the-job experience and formal training.

Laborer and Mechanic

The terms “laborer” and “mechanic” mean individuals whose duties are manual or physical in nature (including individuals who use tools or who are performing the work of a trade). They include apprentices and helpers. The terms don’t apply to individuals whose duties are primarily administrative, executive, or clerical, rather than manual. Working forepersons who devote more than 20% of their time during a workweek to laborer or mechanic duties, and who don’t meet the criteria for exemption of 29 CFR part 541, are considered laborers and mechanics for the time spent conducting laborer and mechanic duties. See Regulations section 1.45-7(d)(8) for examples.

Labor Hours

The term “labor hours” means the total number of hours devoted to the performance of construction, alteration, or repair work by any individual employed by the taxpayer or by any contractor or subcontractor. Labor hours don’t include hours worked by foremen, superintendents, owners, or persons employed in bona fide executive, administrative, or professional capacities (as defined in 29 CFR part 541).

Qualified Apprentice

The term “qualified apprentice” means an individual who is employed by the taxpayer or by any contractor or subcontractor and who is participating in a registered apprenticeship program. For more information, see Regulations section 1.45-8(g)(8).

Registered Apprenticeship Program

The term “registered apprenticeship program” means a program that has been registered by the U.S. Department of Labor’s Office of Apprenticeship or a recognized state apprenticeship agency. For more information, see Regulations section 1.45-8(g)(9).

Subcontractor

The term “subcontractor” means any person that enters into a contract with a contractor for the construction, alteration, or repair of a qualified facility. It also includes any person that agrees to perform or be responsible for the performance of any part of a contract entered into between the taxpayer (or the taxpayer’s designee, assignee, or agent) and a contractor (or between a contractor and another subcontractor) with respect to the construction, alteration, or repair of a qualified facility.

Specific Instructions

Part I—Facility/Project Information

Line 1

If applicable, enter the pre-filing registration number that you received from the IRS.

Line 2a

Enter a description of the facility or project.

Lines 2b and 2c

Enter the address and coordinates of the facility or project.

Line 3

Enter the date construction began.

Beginning of construction. There are two methods that can be used to establish that construction of a facility has started, the Physical Work Test and the Five Percent Safe Harbor. Although both methods can be used, only one method is needed to establish that construction of a qualified facility has begun.

- Physical Work Test. Under this test, construction of a facility begins when physical work of a significant nature begins, provided that you maintain a continuous program of construction.
- Five Percent Safe Harbor. Using this safe harbor, construction of a facility will be considered as having begun if you pay or incur (within the meaning of Regulations sections 1.461-1(a)(1) and (2)) 5% or more of the total cost of the facility, and you make continuous effort to complete the facility. See Notice 2022-61, available at [IRS.gov/irb/2022-52_IRB#NOT-2022-61](https://www.irs.gov/irb/2022-52_IRB#NOT-2022-61), and Notice 2025-42, available at [IRS.gov/irb/2025-36_IRB#NOT-2025-42](https://www.irs.gov/irb/2025-36_IRB#NOT-2025-42), for more information.

Line 4

Enter the date the facility was originally placed in service. For the section 45L new energy efficient home credit, use the date the qualified residence was acquired by a person for use as a residence.

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Line 5

Check “Yes” if the facility was placed in service in the current tax year, and complete Parts II and III. Don’t complete Part III if you’re claiming increased amounts for meeting certain PWA requirements on Form 8908 or Form 7213, Part II. If the facility was not placed in service in the current tax year (that is, it was placed in service in a prior year), then skip lines 6 and 9.

Line 6

Check the box for the form on which you’re claiming increased amounts for meeting certain PWA requirements.

Line 7

Check “Yes” if the construction, alteration, or repair work of the facility was done under a qualifying project labor agreement. See [Project Labor Agreements](#), earlier.

Line 8

Check “Yes” if you have made correction payments related to the underpayment of prevailing wages to laborers and/or mechanics and are reporting those prior correction payments with any associated penalty payments (as applicable). Complete Part IV if you checked “Yes.”

Line 9

Check “Yes” if you’re relying on the Good Faith Effort Exception of Regulations section 1.45-8(f)(1) and complete Part V. See [Good Faith Effort Exception](#), earlier. Check “Not applicable” only if you’re claiming increased amounts for meeting certain PWA requirements on Form 8908 or Form 7213, Part II.

Line 10

Check “Yes” if you performed any alterations or repairs to the facility during any portion of the tax year and complete Part II. See [Construction, Alteration, or Repair](#), earlier. Also complete Part IV if you have made correction payments related to the underpayment of prevailing wages to laborers and/or mechanics and are reporting those prior correction payments with any associated penalty payments (as applicable). Complete Part IV if you checked “Yes.”

Note: Don’t complete Parts II and IV for the section 30C alternative fuel vehicle refueling property credit, the section 45L new energy efficient home credit, the section 179D energy efficient commercial buildings deduction, and the section 48C qualifying advanced energy project credit if the facility was not placed in service during the tax year.

Check “No” if there were no alterations or repairs and attach a statement to the form attesting that no alterations or repairs were performed to the facility during the tax year. The statement should include the following.

- The taxpayer’s name, taxpayer identification number, and facility description (including the owner information, if different from the filer).
- A statement declaring that no alterations and repairs were performed to the facility during the tax year. See [Construction, Alteration, or Repair](#), earlier.

- A declaration, applicable to the statement and any accompanying documents, signed by the taxpayer, or signed by a person currently authorized to bind the taxpayer in such matters, in the following form: “Under penalties of perjury, I declare that I have examined this statement, including accompanying documents, and to the best of my knowledge and belief, the facts presented in support of this statement are true, correct, and complete.”

Part II—Prevailing Wages Paid by You or Contractor or Subcontractor to Laborers and Mechanics on the Facility/Project

Note: Complete as many copies of Part II as necessary.

Column (a)

Enter the name of the entity that is directly employing the laborers and/or mechanics. This could be the taxpayer, contractor, or a subcontractor in the construction, alteration, or repair of the facility.

Column (b)

Enter the employer identification number (EIN) of the entity that is directly employing the laborers and/or mechanics.

Column (c)

Enter each labor or work classification as defined by the Davis-Bacon Act (subchapter IV of chapter 31 of title 40 of the United States Code). These classifications should be used throughout the construction, alteration, or repair of the facility for where the work is performed.

Column (d)

Enter the total number of laborers and/or mechanics within each labor or work classification for the entity listed in column (a).

Column (e)

Enter the total hours worked by all laborers and/or mechanics (including qualified apprentices) within each labor or work classification for the entity listed in column (a).

Column (f)

Enter the total hourly wages paid to all laborers and/or mechanics (including qualified apprentices) within each labor or work classification for the entity listed in column (a).

Column (g)

Enter the total bona fide fringe benefits paid to all laborers and/or mechanics (including qualified apprentices) within each labor or work classification for the entity listed in column (a). See [Bona Fide Fringe Benefits](#), earlier.

Column (h)

Add columns (f) and (g) and enter the result in column (h).

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Part III—Apprenticeship Requirements and Penalties

Note: Complete as many copies of Part III as necessary.

Column (a)

Enter the name of the entity that is directly employing the qualified apprentices. This could be the taxpayer, contractor, or subcontractor in the construction, alteration, or repair of the facility.

Column (b)

Enter the EIN of the entity that is directly employing the qualified apprentices.

Column (c)

Enter each labor or work classification as defined by the Davis-Bacon Act (subchapter IV of chapter 31 of title 40 of the United States Code). These classifications should be used throughout the construction, alteration, or repair of the facility for where the work is performed.

Column (d)

Enter the number of qualified apprentices within each labor or work classification for the entity listed in column (a). See [Qualified Apprentice](#), earlier.

Column (e)

Enter the total labor hours worked by all qualified apprentices within each labor or work classification for the entity listed in column (a).

Column (f)

Enter the total hourly wages paid to all qualified apprentices within each labor or work classification for the entity listed in column (a).

Column (g)

Enter the total bona fide fringe benefits paid to all qualified apprentices within each labor or work classification for the entity listed in column (a).

Column (h)

Enter the total labor hours for which the section 45(b)(8)(A) labor hours requirement and/or the section 45(b)(8)(C) participation requirement was not satisfied with respect to the construction, alteration, or repair work of the facility. See [Apprenticeship Cure Provision](#), earlier. Leave blank if the labor hours requirement and the participation requirement were satisfied.

Column (i)

Multiply column (h) by \$50 and enter the result in column (i). Report column (i), line 18, on the corresponding line of Form 4255, Part I, columns (p)(1), (p)(2), and/or (p)(3). For more information, see the Instructions for Form 4255. Leave blank if column (h) was blank.

Part IV—Corrections and Penalties Related to Failure to Satisfy Prevailing Wage Requirements

See [Correction and Penalty Related to Failure to Satisfy Prevailing Wage Requirements](#), earlier.

Note: Complete as many copies of Part IV as necessary.

Column (a)

Enter the name of the entity that is directly employing the laborers and/or mechanics. This could be the taxpayer, contractor, or subcontractor in the construction, alteration, or repair of the facility.

Column (b)

Enter the EIN of the entity that is directly employing the laborers and/or mechanics.

Column (c)

Enter each labor or work classification as defined by the Davis-Bacon Act (subchapter IV of chapter 31 of title 40 of the United States Code). These classifications should be used throughout the construction, alteration, or repair of the facility for where the work is performed.

Column (d)

Enter the number of laborers and/or mechanics for whom you are relying on penalty waiver requirements under Regulations section 1.45-7(c)(6). See the *Note* under [Correction and Penalty Related to Failure to Satisfy Prevailing Wage Requirements](#), earlier, for more information.

Column (e)

Enter the number of laborers and/or mechanics for whom you are reporting a penalty payment under section 45(b)(7)(B)(i)(II). See [Correction and Penalty Related to Failure to Satisfy Prevailing Wage Requirements](#), earlier. Leave blank if not applicable.

Column (f)

Multiply column (e) by \$5,000 and enter in column (f). Report column (f), line 18, on the corresponding line of Form 4255, Part I, columns (o)(1), (o)(2), and/or (o)(3). For more information, see the Instructions for Form 4255. Leave blank if column (e) was blank.

Column (g)(i)

Enter total wages paid to laborers and/or mechanics by the taxpayer, contractor, or subcontractor under section 45(b)(7)(B)(i)(I)(aa). This amount is the difference between the amount of wages paid to the laborer and/or mechanic for all hours worked during the pay period and the amount of wages required to be paid to such laborer and/or mechanic for all hours worked during such period.

Column (g)(ii)

Enter the total interest paid to laborers and/or mechanics by the taxpayer, contractor, or subcontractor.

Column (g)(iii)

Add columns (g)(i) and (g)(ii) and enter the result in column (g)(iii).

Part V—Good Faith Effort Exception Claimed for Purposes of the Apprenticeship Requirements

See [Good Faith Effort Exception](#), earlier.

Note: Complete as many copies of Part V as necessary.

Column (a)

Enter the name of the entity that is directly employing the qualified apprentices. This could be the taxpayer, contractor, or subcontractor in the construction, alteration, or repair of the facility.

Column (b)

Enter the EIN of the entity that is directly employing the qualified apprentices.

Column (c)

Enter each labor or work classification as defined by the Davis-Bacon Act (subchapter IV of chapter 31 of title 40 of the United States Code). These classifications should be

used throughout the construction, alteration, or repair of the facility for where the work is performed.

Column (d)

Enter the number of qualified apprentices you requested for each labor or work classification from the registered apprenticeship program.

Column (e)

Enter the number of hours needed to satisfy the Regulations section 1.45-8(b) labor hours requirement.

Column (f)

Enter the number of hours for which qualified apprentices were requested and denied.

Column (g)

Check this box if the Registered Apprenticeship Program denied or partially denied the request for qualified apprentices. Leave this box unchecked if the Registered Apprenticeship Program didn't give a response.

Column (h)

Check this box if the Registered Apprenticeship Program didn't respond to the apprentice request.

Paperwork Reduction Act Notice. We ask for you to obtain the information on this form to carry out the Internal Revenue laws of the United States. You are required to obtain this information.

You are not required to obtain the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual filers is approved under OMB control number 1545-0074, under OMB control number 1545-0047 for tax-exempt filers, under OMB control number 1545-0123 for business filers, and under OMB control number 1545-0092 for trust filers. For the estimated averages, see the instructions for your income tax return.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

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