



TAX CREDITS FOR SOLAR SYSTEMS



844-SOL-POWE(R)

Tax Credit

A tax credit is a dollar-for-dollar reduction in the amount of income tax you would otherwise owe. For example, claiming a \$1,000 federal tax credit reduces your federal income taxes due by \$1,000.

Federal Solar Tax Credit

The federal solar energy credit is a 30% tax credit that can be claimed on federal income taxes for a percentage of the cost of a solar photovoltaic (PV) system. (Other types of renewable energy are also eligible for similar credits but are beyond the scope of this document.)



THE 30% FEDERAL SOLAR TAX CREDIT (ITC)

Determining Your Eligibility

You are eligible for this tax credit if you meet all of the following criteria:

- Your solar PV system was installed between 2024 and 2032.
- The solar PV system is located at your primary or secondary residence in the United States, or the solar system is installed for a commercial or agriculture site. This can be as a grid connected (grid tie) or off-grid system.
- You own the solar PV system (i.e., you purchased it with cash or through financing, but you are neither leasing



Grid-Tie



Off-Grid

nor are in an agreement to purchase electricity generated by a system you do not own).

- You pay income tax.
- The solar PV system is new or being used for the first time. The credit can only be claimed on the original installation of the solar equipment.

Approved Expenses

The following expenses are included with the federal solar tax credit:

- Solar panels.
- Contractor labor costs for onsite preparation, assembly, or original installation, including permitting fees, inspection costs, and developer fees.
- Balance-of-system equipment, including wiring, inverters and mounting equipment.
- Energy storage devices (batteries).
- Sales taxes on eligible expenses.

How to File Your Claim

After seeking professional tax advice and ensuring you are eligible for the credit, you can complete and attach IRS Form 5695 to your federal tax return (Form 1040 or Form 1040NR). Instructions on filling out the form are available at:

<http://www.irs.gov/pub/irs-pdf/i5695.pdf> ("Instruction for Form 5695," IRS).



Frequently Asked Questions

If the tax credit exceeds my tax liability, will I get a refund?

This is a nonrefundable tax credit, which means you will not get a tax refund for the amount of the tax credit that exceeds your tax liability. However, you can carry over any unused amount of tax credit to the next year.

What do I need from Envirosol to claim my tax credit?

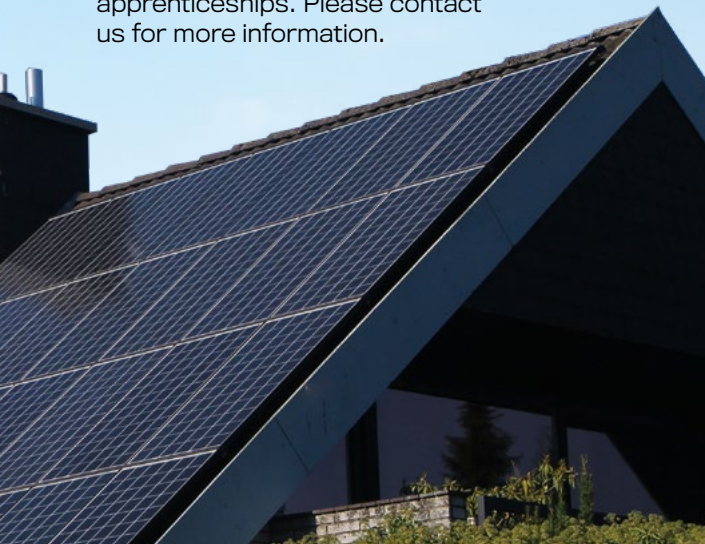
Claiming the federal solar tax credit is easy. In general, an invoice that shows 'solar panels' or similar photovoltaic language along with total dollar amounts, is all you will need to claim your 30% tax credit.

Does the tax credit impact my depreciation benefits?

Barely. Commercial and agricultural solar systems earn a 30% tax credit and qualify for 85% depreciation.

Are there additional federal tax incentives?

Commercial solar systems may be eligible for an additional 10% tax credit. This ITC add-on is a bonus for meeting criteria such as high domestic content, brownfield site(s) utilization, and labor apprenticeships. Please contact us for more information.





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Disclaimer: This guide provides an overview of the federal investment tax credit for those interested in solar photovoltaics, or PV. It does not constitute professional tax advice or other professional financial guidance. It should not be used as the only source of information when making purchasing decisions, investment decisions, or tax decisions, or when executing other binding agreements.

