



Tax & Incentive Benefits

Residential Solar Electricity Generation System Purchase

There are different types of energy efficient property purchases that might qualify for various types of incentives and tax credits. Information provided in this summary is specific to solar electric property (solar cell panel) purchases for residential electricity generation.

Solar electric property purchases are equipment purchases used to generate power from solar energy for residential (different rules apply to businesses) property you live in and own. Solar electric property generally includes labor, onsite preparation, solar equipment, and wiring. Storage batteries, if integrated into a solar electric property system, may also qualify for federal tax credit.

Current residential solar electric property installation incentives include sales tax exemptions, energy production incentives, federal tax credits, and other incentives. (All are subject to change.)

A good web-based source of information for incentives for all U.S. states can be the North Carolina Energy Technology Center's Database of State Incentives for Renewables & Efficiency (DSIRE).

www.dsireusa.org

If you want a very basic evaluation of an existing residence or building for the addition of a solar system, try the Google website Project Sunroof. Simply input the address in question to get a general idea of the quality of the location for addition of a solar system.

<https://www.google.com/get/sunroof>

Federal Tax Credit

A federal tax credit is currently available, for up to 30% of your total qualified residential solar electric system cost (and certain other renewables). The credit remains at 30% for 2018 and 2019 with a phase out of the tax credit beginning in 2020.

The credit may be used to reduce your federal income tax to \$0 in the year of purchase. The credit may also be applied against alternative minimum tax (AMT).

The federal tax credit is a non-refundable credit but any unused credit (if your income tax is reduced to \$0 in your year of purchase) may currently be carried forward. The application of tax credits and their carryforward can be complex and subject to specific ordering. A tax professional can provide tax planning for credits along with additional information on carryforward issues, if applicable.



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Washington State Power Production Incentives for Solar

The State of Washington is currently providing a production incentive, based upon kilowatt hour generated, for electricity generated by solar power. This incentive payment is based upon when your solar system is placed in service and the amount of power generated by your system.

The incentive payments will generally close when utility caps on incentive payments have been met or for solar systems placed in service after June 30th, 2021.

The current residential incentive payment is .14 cents per kilowatt hour (kwh) generated (possibly more depending upon where your solar panels are made) and the current annual maximum amount that can be received as a residential production incentive is \$5,000. Residential payments are made for 8 years until 50% of the total cost of the solar system purchased is earned back.

Washington State Sales & Use Tax Exemption/Reduction for Solar

Those purchasing solar power electricity generating equipment in Washington State may be eligible for a partial or full exemption of sales or use tax, which would ordinarily be paid on equipment purchased.

Other Information Regarding Solar Power

It may be possible to locate solar panels in a location away from your home but still qualify for various incentives.

Your federal tax credit could be limited if your solar installation generates more electricity than your residence is using and your excess electricity is sold.

For a time-lapse video of a local residential solar installation see:

https://www.youtube.com/watch?v=eF_Q_ndPsD0

The information provided in this summary is for general informational purposes only and subject to change. Individual pre-purchase planning should be completed for each separate residential solar electricity generating system. This summary information is believed to be current as of August/2018.