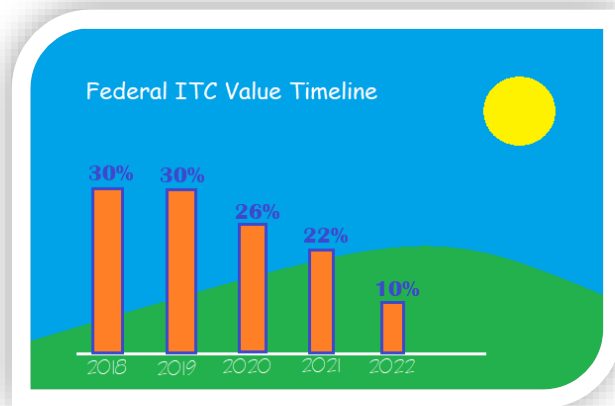


Federal Solar Policy and Incentives

Federal policies and incentives offer some of the largest individual reasons to go solar. The single biggest discount in any state comes from the federal Investment Tax Credit (ITC). The ITC for solar is valued at 30%. This means, that for on any solar project on residential and commercial property, you will be given a tax credit for 30% of the price of your entire project. Note that this is a tax credit, not deduction, so it isn't just changing your taxable income. This means that if your project costs \$15,000 total, you will get a \$4,500 credit next tax season, like a \$4,500 gift card from the government for installing solar. This is one of the most important incentives for solar, currently.



This credit also means that NOW is the best time for you to install solar. This is because the program does have an expiration date. Up until 2020, you will get the full 30% deduction. However, projects in 2020 will only get a 26% credit, then 22% in 2021, and down to 10% indefinitely from 2022.

In the commercial sector, there is another important financial incentive - the depreciation deduction. The IRS allows qualified system owners to depreciate their system cost in one of two ways. The first is called Modified Accelerated Cost-Recovery System (MACRS) depreciation. MACRS allows businesses to deduct the appreciable basis of the project in just over 5 years, which in turn, quickens the rate of return on your investment. The second method of depreciation is called 'Section 179' equipment. If you qualify for this method (most companies do) you can write off the solar system cost in the first year – just like a copier or printer!

Combined with the ITC, this can allow you to subtract 85% of your tax basis. The rate of this incentive can vary greatly, but typically, you can save around 20-30% cash value of your system over 5 years, which can greatly help with financial viability. You should check with your accountant to make sure these incentives can apply to your company.



In addition to these great incentives, state governments often offer their own incentives and regulations that make solar even more financially viable. Check out your own state incentives to find even more ways to save money and install clean energy at your home or business!