

# The Federal Solar Investment Tax Credit (ITC) Made Simple

## What is it?

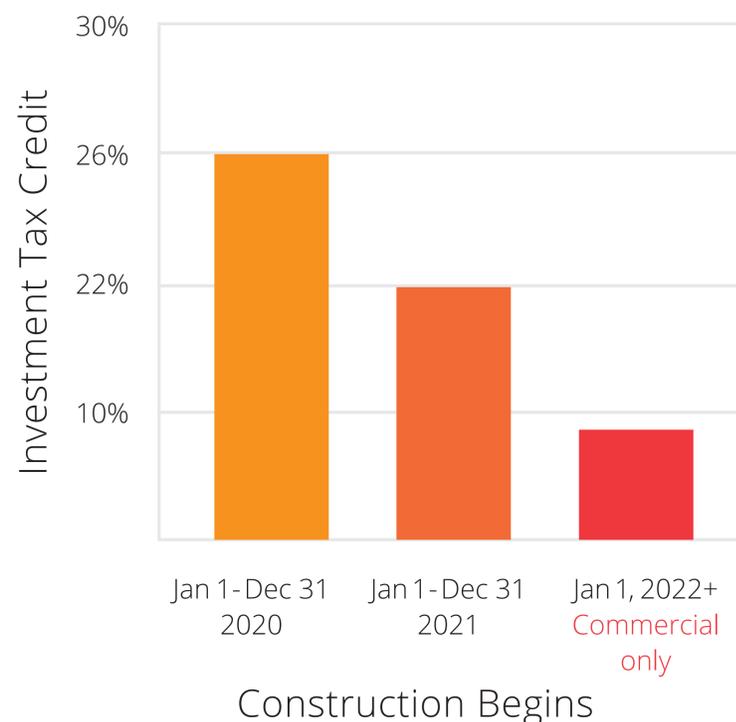
The solar Investment Tax Credit (ITC) is a federal tax credit for those who purchase solar energy systems for residential properties. The credit, which is applied to a home owner's income tax, is equal to a percentage of the cost of eligible equipment.\*



**The ITC delivers a dollar-for-dollar tax reduction in the income taxes that a homeowner would otherwise owe the federal government.\*** (e.g. a \$10K tax credit means you pay \$10K less in taxes)

## How much is it?

That depends on when you start construction (and when you start generating electricity). Starting in 2020, it will be equal to 26% of the cost of eligible solar equipment until the end of 2020. It steps down in 2021, the final year of the tax credit. So the sooner you act, the more you can save.\*



\*See next page for more information.

## How do I qualify for the ITC?\*

To qualify for the full 26% federal solar ITC, you must meet the following requirements:

- ✓ Valid through December 31, 2020. Consult your tax advisor for details.
- ✓ You must own your home. Renters are not eligible.
- ✓ You must own your solar panels. If you lease them, you cannot directly claim the tax credit.
- ✓ You must pay enough taxes to the federal government to qualify for the 26% tax credit. It's a tax credit, not a rebate.



**After 2021, the residential credit will drop to zero.**

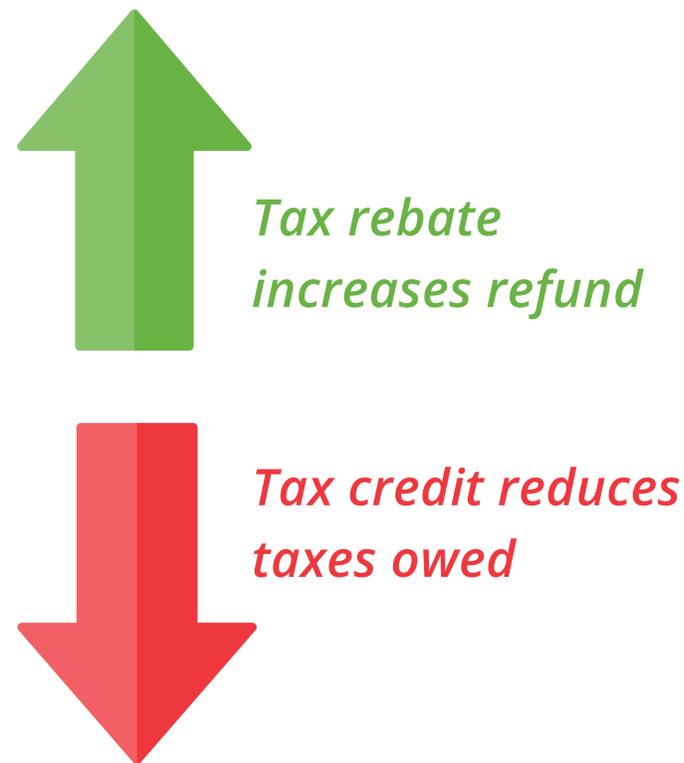
## How do I receive my credit?

To receive your credit, you must complete IRS Form 5695 when you file your taxes and add your renewable energy credit information to your typical form 1040. Popular federal tax filing software include this credit as a default. If you use an accountant or tax processor, tell them that you purchased solar.

## What is a tax credit?

A tax credit is not a tax rebate. While a rebate pays you back, a credit offsets the balance of tax due. So if you owe little to no federal taxes there is little to nothing to offset, and you won't be able to take full advantage of the credit.

On the other hand, if you pay at least as much in taxes as you get for your tax credit, you can pay off your tax debt with the credit and/or get the remainder after withholding as a refund. Even better, if you don't owe the full amount of your tax credit in the first year, you can roll the credit over to pay tax debt accrued in the following years (for as long as the ITC is in effect.)



## Do I need to purchase my system?

You may not have to buy a solar system outright to take advantage of the ITC. It's possible to claim the credit with a solar loan, and sometimes the savings can be passed along as part of the solar lease.\*



### Purchase

You own the system, energy and tax credits.\*



### Lease

The ITC savings can be passed along as part of your lease contract.



### Loan

You may be entitled to the full ITC credit (even if you put \$0 down).\*

\*Depending on your individual circumstances, you may or may not qualify. SunPower does not warrant, guarantee or otherwise advise its partners or customers about specific tax outcomes. Consult your tax advisor regarding the solar ITC and how it applies to your specific circumstances. Tax credits are subject to change. Please visit the [dsireusa.org](http://dsireusa.org) web site for detailed solar policy information.