

SOLAR TAX CREDIT (IRC §25D)

Client Name(s): _____
(Hereinafter referred to as "Client")

Tax Practitioner: Monica Haven, E.A.
(Hereinafter referred to as "EA")

Solar energy is growing, and California is leading the way. More and more Californians are installing solar panels on their home, businesses, and rental properties each year and the energy cost savings can be substantial.

There can also be substantial tax savings via a tax credit for a portion of the cost of buying and installing the panels. The credit was as much as 30% if the equipment was installed prior to December 31, 2020; thereafter, it is reduced to 26% in 2021 and 2022, and reduced further to 22% in 2023. The credit expires after December 31, 2023. Home batteries may also qualify for the solar credit, even if you installed solar panels and claimed a solar credit in the past but certain requirements must be met.

If you are considering putting solar panels on your property or installing a home battery, beware that there are many aggressive salespeople who may misrepresent the tax savings that you could be entitled to. Note the following:

- Leasing solar panels may be the most economical choice for you; however, tax credits are only available if you purchase the panels.
- Roof replacement and repair costs are typically not available for solar credits.
- If you finance the purchase of the solar panels through any of the programs that allow you to make your finance payments through your property taxes, that portion of your property taxes is not deductible as property tax.
- If you install solar panels on your business or rental property, you may be required to pay back some or all of the tax credits if you sell the property or convert it to personal use within five years of installing the solar panels.
- If you are an owner of a partnership, LLC, or S-Corporation that installs solar panels on its property, then you may be able to claim the tax credits on your personal income tax return, but special rules may limit your credit.

There are other tax and non-tax issues to consider as you decide to lease or buy your panels, or whether you should go with solar at all.

Client Signature: _____	Date: _____
Print Client's Name: _____	
Spouse Signature: _____	Date: _____
Print Spouse's Name: _____	

Monica Haven, EA, JD, LLM

1534 South Edris Drive * Los Angeles, CA 90035 * (310) 286-9161 * FAX (310) 557-1626
e-mail: mhaven@pobox.com * website: www.mhaven.net