

Residential Renewable Energy Tax Credit

Eligibility: Residential

Maximum Rebate:

Solar-electric systems placed in service after 2008: no maximum

Solar water heaters placed in service after 2008: no maximum

Sector Name: Federal

Administrator: U.S. Internal Revenue Service

Website: <http://www.energystar.gov/taxcredits>

Expiration Date: 12/31/2021

State: Federal

Program Type: Personal Tax Credit

Rebate Amount: 30%

Summary:

Note: The Bipartisan Budget Act of 2018, signed in February 2018, reinstated the tax credit for fuel cells, small wind, and geothermal heat pumps. The tax credit for all technologies now features a gradual step down in the credit value.

A taxpayer may claim a credit of 30% of qualified expenditures for a system that serves a dwelling unit located in the United States that is owned and used as a residence by the taxpayer. Expenditures with respect to the equipment are treated as made when the installation is completed. If the installation is at a new home, the "placed in service" date is the date of occupancy by the homeowner. Expenditures include labor costs for on-site preparation, assembly or original system installation, and for piping or wiring to interconnect a system to the home. If the federal tax credit exceeds tax liability, the excess amount may be carried forward to the succeeding taxable year. The maximum allowable credit, equipment requirements and other details vary by technology, as outlined below.

Solar-Electric Property

- 30% for systems placed in service by 12/31/2019
- 26% for systems placed in service after 12/31/2019 and before 01/01/2021
- 22% for systems placed in service after 12/31/2020 and before 01/01/2022
- There is no maximum credit for systems placed in service after 2008.
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2021.
- The home served by the system does not have to be the taxpayer's principal residence.

Solar Water-Heating Property

- 30% for systems placed in service by 12/31/2019
- 26% for systems placed in service after 12/31/2019 and before 01/01/2021
- 22% for systems placed in service after 12/31/2020 and before 01/01/2022

- There is no maximum credit for systems placed in service after 2008.
- Systems must be placed in service on or after January 1, 2006, and on or before December 31, 2021.
- Equipment must be certified for performance by the Solar Rating Certification Corporation (SRCC) or a comparable entity endorsed by the government of the state in which the property is installed.
- At least half the energy used to heat the dwelling's water must be from solar in order for the solar water-heating property expenditures to be eligible.
- The tax credit does not apply to solar water-heating property for swimming pools or hot tubs.
- The home served by the system does not have to be the taxpayer's principal residence.

Fuel Cell Property

- 30% for systems placed in service by 12/31/2019
- 26% for systems placed in service after 12/31/2019 and before 01/01/2021
- 22% for systems placed in service after 12/31/2020 and before 01/01/2022
- The maximum credit is \$500 per half kilowatt (kW).
- Systems must be placed in service on or after January 1, 2006, on or before December 31, 2021.
- The fuel cell must have a nameplate capacity of at least 0.5 kW of electricity using an electrochemical process and an electricity-only generation efficiency greater than 30%.
- In case of joint occupancy, the maximum qualifying costs that can be taken into account by all occupants for figuring the credit is \$1,667 per 0.5 kW. This does not apply to married individuals filing a joint return. The credit that may be claimed by each individual is proportional to the costs he or she paid.
- The home served by the system must be the taxpayer's principal residence.

Small Wind-Energy Property

- 30% for systems placed in service by 12/31/2019
- 26% for systems placed in service after 12/31/2019 and before 01/01/2021
- 22% for systems placed in service after 12/31/2020 and before 01/01/2022
- There is no maximum credit for systems placed in service after 2008.
- Systems must be placed in service on or after January 1, 2008, on or before December 31, 2021.
- The home served by the system does not have to be the taxpayer's principal residence.

Geothermal Heat Pumps

- 30% for systems placed in service by 12/31/2019
- 26% for systems placed in service after 12/31/2019 and before 01/01/2021
- 22% for systems placed in service after 12/31/2020 and before 01/01/2022
- There is no maximum credit for systems placed in service after 2008.
- Systems must be placed in service on or after January 1, 2008, and on or before December 31, 2021.
- The geothermal heat pump must meet federal Energy Star criteria.
- The home served by the system does not have to be the taxpayer's principal residence.