

Solar Incentives for Businesses & Nonprofits

The Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA) created multiple programs to provide businesses and nonprofits with tax credits and incentives to incorporate energy efficiency strategies into their new and existing buildings. If the project is done by a nonprofit the “tax credit” converts to a direct payment so the nonprofit can directly receive the benefit. The below illustrates the most common and broadly applicable programs, there are several additional programs that may apply to your business or nonprofit which we assess eligibility for on a case by case basis.

Solar Installation Tax Credits:

- 30% Base Credit - this is a tax **credit** not a deduction
 - The 30% tax credit applies to the cost of the solar equipment and installation. You are eligible to claim it for the tax year the system is placed in service.
 - If done at new construction the 30% tax credit also applies to the supporting structure required for the solar. If this is a new building the roof that is built to support the solar can be eligible for the tax credit.
 - If a solar structure is used (think of a solar shade structure) the cost of the entire structure down to the concrete footers can be eligible for the tax credit.
- Adders - Bonus Credits if certain conditions are met
 - Domestic Content Bonus - 10% bonus tax credit increase eligibility
 - Energy Community Bonus - 10% bonus tax credit increase eligibility
 - Low Income Bonus - 10% bonus tax credit increase eligibility (can increase an additional 10% to 20% based on certain conditions, however this is not common)

Energy Efficient Commercial Building Retrofit Property (EEBPR) and Energy Efficient Commercial Building Property (EEBPR)

- Additional incentives available for efficiency upgrades to:
 - Interior Lighting
 - HVAC
 - Hot Water Systems
 - Building Envelope

Depreciation:

Businesses are eligible to depreciate the costs according to the IRS's depreciation guidelines.