



The Federal Solar Investment Tax Credit (ITC) Made Simple

What is it?

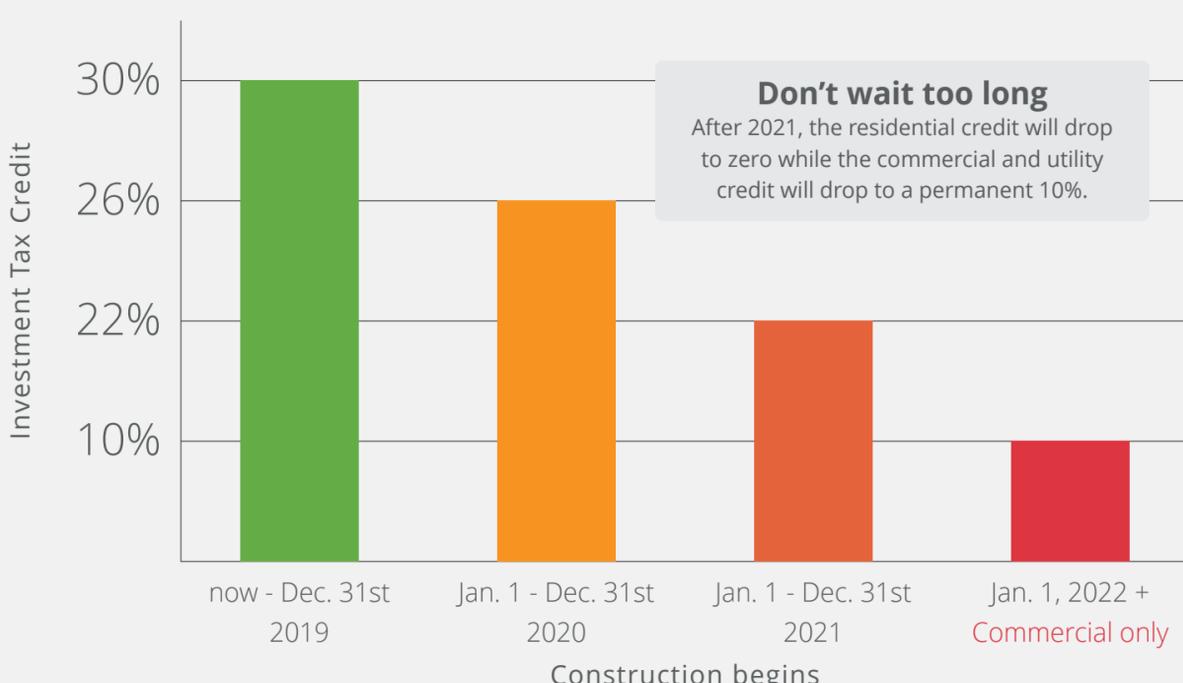
The solar Investment Tax Credit (ITC) is a federal tax credit for those who purchase solar energy systems for residential or commercial properties. The credit, which is applied to a home or business owner's income tax, is equal to a percentage of the cost of eligible equipment.*

The ITC delivers a dollar-for-dollar tax reduction in the income taxes that a homeowner or company 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). Currently, it is equal to 30% of the cost of eligible solar equipment until 2019. It steps down in 2020 and again in 2021, its final year. So the sooner you act, the more you can save.*



How do I qualify for the ITC?

To qualify for the full 30% federal solar ITC, you must meet the following requirements:

- ✔ Your system must be installed and activated (or commence construction) by December 31, 2019.
- ✔ You must own your solar panels. If you lease them, you cannot directly claim the tax credit.
- ✔ You must own your home or business property (or have the right to modify the property). Renters are not eligible.
- ✔ You must pay enough taxes to the federal government to qualify for the 30% tax credit. It's a tax credit, not a rebate.

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 some installers may pass along savings as part of a solar lease or PPA.*



Purchase

You own the system, energy and tax credits.*



Lease + PPA

Some installers pass along savings as part of your contract.



Loan

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

Visit sunpower.com for more information on sustainability, renewable energy and solar technology.

*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 web site for detailed solar policy information.