

# ENERGY POLICY

## ACT of 2005

### TAX CREDIT SUMMARY

## Solar Energy Systems

### Who is eligible for the tax credits?

The tax credits go to homeowners who install qualifying systems on a residence.

### What are the tax credits for residential solar systems?

Homeowners are eligible for tax credits for qualified solar water heating and photovoltaic systems. Solar water heating systems produce hot water; photovoltaic systems produce electricity. The credits are available for systems placed in service in 2006, 2007 and 2008.

The tax credits are for 30% of the cost of the system. The maximum credit is \$2,000 for photovoltaic systems and \$2,000 for solar water heating systems in any tax year.

### What are the requirements?

#### **Solar water heating:**

- System must be certified for performance by the Solar Rating Certification Corporation or a comparable entity endorsed by the state government in which the system is located.
- At least half of the energy used by the system to heat the water must be solar energy. The credit is not available for expenses for swimming pools or hot tubs.

#### **Photovoltaic systems:**

- System must provide electricity for the residence and must meet applicable fire and electrical code requirements.

### What do I need to do to qualify for the tax credits?

Implementing regulations are being developed by the IRS. To qualify, taxpayers will likely need to have documentation of the following:

- Cost of the system (including labor and piping or wiring to connect the system to a home's plumbing and/or electrical systems)
- Date the system was placed in service
- Certification that the system meets the qualifying criteria discussed above

### Where can I learn more about qualifying products?

- [www.fsec.ucf.edu](http://www.fsec.ucf.edu)
- [www.seia.org](http://www.seia.org)

*The information provided is our summary of the Energy Policy Act of 2005 and is not to be viewed as tax advice, nor should it be used as the sole source of information for tax purposes. Consult your tax professional for official guidance concerning your specific circumstances. You may also refer to Internal Revenue Service guidance on [www.irs.gov](http://www.irs.gov).*

