

THE 30% INVESTMENT TAX CREDIT (ITC): How to Claim your Solar Tax Credit

Learn how to receive the 30% Investment Tax Credit (ITC) thanks to the Inflation Reduction Act!

AM I ELIGIBLE?

- The solar installation must have been completed in the tax year for which the credit is applied.
- The tax credit is available for systems installed through 2032 unless extended by Congress.
- The solar energy system must be located in the U.S. and U.S. territories.
- The tax credit is claimed on federal income tax forms and is based on the total cost of the installed solar system (no max amount, including labor and cost for tree removal if required for installation).
- The person filing must be the full owner of the system. The system must be owned and not leased.
- The tax credit can be claimed for batteries added to the system.
- If the credit amount exceeds your total federal tax liability for the year, the credit balance can roll over to future years for up to 5 years.

WHAT CAN I CLAIM?

- Solar modules (panels)
- Contractor labor cost
- Batteries to solar systems
- Permit/inspection fees
- Additions to the existing system, including replacement inverters
- Balance of system: inverters/mounting equipment
- Sales taxes
- Energy storage: the capacity rating of 3 kilowatt-hours (kWh) or greater

HOW TO RECEIVE THE 30% INVESTMENT TAX CREDIT



STEP 1

GATHER DOCUMENTATION

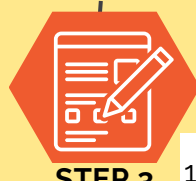
1. Gather documentation on the cost of your solar installation to determine eligibility.
 - a. The claim is made on the system's first use--must be the original installation.

FILL OUT THE IRS FORM



STEP 2

1. Fill out [the IRS Form 5695](#) to find your eligible amount:
 - a. This form is for tax credits for a variety of qualified residential energy improvements.
 - b. Include the total cost of what you're trying to claim (see the "What Can you Claim" section above).
 - c. Put the total on line 1.
 - d. Add all other sections if that applies, and the total goes on line 6a.
 - e. Then multiply by .30 (the 30% tax credit).
 - f. Add that value to 6b. If your solar energy system is the only tax credit you are claiming, add value to line 13 as well.



STEP 3

FILL OUT 1040 FORM

1. Use this information in your [1040 form](#):
 - a. Determine your tax liability
 - i. Complete steps 1-18
 1. Use that to calculate line 14 of Form 5695
 2. Look at 13 and line 14, and put the smaller of the two values on line 15

FILL OUT SCHEDULE 3 FORM



STEP 4

1. Take the value from line 15 and add it to line 5 in schedule 3 and attach the 5695 form
2. Add any other nonrefundable tax credits if that applies
3. Add total in line 8
 - a. Take that and add it to line 20 of form 1040

COMPLETE

Great job, you've claimed the solar tax credit! Please refer to your accountant for specific questions as ASES does not provide tax advice.

RESOURCES

How to claim the solar tax credit: [Energy Sage](#)
Step-by-step instructions for tax forms: [IRS](#)
Homeowner's Guide to the Federal Tax Credit for Solar Photovoltaics: [DOE](#)
[IRS Form 5695](#)