

# **Solar energy credit for 2025**





## Overview

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On July 4, 2025, the One Big Beautiful Bill was signed into law, officially ending the 25D federal solar tax credit for homeowners on December 31, 2025. Here's what this means for homeowners, installers, and the future of clean energy. This content is for informational purposes only and does not.

The federal tax credit for solar panels ends on Dec. 31, 2025, which will likely raise electricity bills. Some or all of the mortgage lenders featured on our site are advertising partners of NerdWallet, but this does not influence our evaluations, lender star ratings or the order in which lenders.

Homeowners have until January 1, 2026 to claim the 30% federal tax credit—a benefit that can shave thousands of dollars off your solar investment. The average solar panel system costs around \$28,000, or about \$2.50 per watt, according to EnergySage's latest Marketplace Report. With the tax credit.

The One Big Beautiful Bill, signed into law on July 4th, 2025, cuts off the 30% federal solar tax credit for homeowners at the end of 2025—way earlier than anyone expected. That's not exactly what most folks had planned for, and it's bound to shake things up for homeowners thinking about solar.

The federal solar tax credit is ending sooner than expected. Here's what homeowners must do to qualify before the 2025 deadline. Are you doing a solar project?

Modernize can pair you with three to four pros in your area, so you can



compare options and save time and money. The federal solar tax.

If you invest in renewable energy for your home such as solar, wind, geothermal, fuel cells or battery storage technology, you may qualify for an annual residential clean energy tax credit. The Residential Clean Energy Credit equals 30% of the costs of new, qualified clean energy property for your. Will a solar tax credit go away in 2025?

There are two key parts of today's draft that impact homeowners who want to go solar and claim a 30% tax credit. 1) The 25D residential solar tax credit goes away 180 days after the bill is signed. Update: The final bill passed by Congress changed this deadline back to December 31, 2025.

Will a solar project qualify for a 30% solar tax credit?

Yes. Based on the bill signed into law on July 4, projects installed in 2025 will qualify for the 30% solar tax credit. There is no language in the OBBB that retroactively strips the tax credit from homeowners who claim it lawfully.

How does the solar tax credit affect residential solar?

Here's is how this law impacts residential solar: The 30% solar tax credit claimed by homeowners (25D) would be terminated at midnight on December 31, 2025. Homeowners who have their systems installed before the end of the year can still claim this credit against their federal tax liability.

When does the 25D solar tax credit end?

On July 4, was signed into law by President Trump. After some back and forth, both Chambers of Congress agreed to end the 25D residential solar tax credit after December 31, 2025. Residential solar systems installed by this deadline would still qualify for a 30% federal tax credit.

When can I get a solar tax credit?

You'll need to have your system fully paid for and installed by December 31, 2025 to receive the full credit. What Is the Solar Tax Credit?

The solar tax credit, also known as the Residential Clean Energy Credit, allows homeowners to deduct up to 30% of the cost of eligible energy-efficient improvements from their federal taxes. This includes:.

What is the federal solar tax credit?



The federal solar tax credit is exactly as it sounds—a credit against your tax bill, not a refund. If you don't have any tax liability for the year, you can't claim the credit. However, there are no income limits or a cap on the credit amount.



## Solar energy credit for 2025

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### Updates to frequently asked questions about the Energy ...

Updates to frequently asked questions about the Energy Efficient Home Improvement Credit (§ 25C) and the Residential Clean Energy Property Credit (§ 25D) FS-2025-01, January 2025 ...

### Steep Phase-Out of Wind and Solar Tax Credits in Draft Bill Text

On June 16, 2025, the Senate Finance Committee released its version of the "One, Big Beautiful Bill" (OB BB) that would create a steep phase-out of renewable energy tax credits--notably, ...



### [The History & Future of the Solar Tax Credit in 2025](#)

The federal solar tax credit 2025 remains a powerful incentive for reducing the cost of solar energy systems. It allows homeowners and businesses to deduct 30% of eligible solar installation costs--including panels, inverters, batteries, ...

### [What's Next for the Residential Clean Energy Tax](#)

In May, solar reported that the House passed a Reconciliation Bill that calls for the elimination of the Residential Clean Energy Tax Credit (the 30%



solar tax credit) effective December 31, 2025.

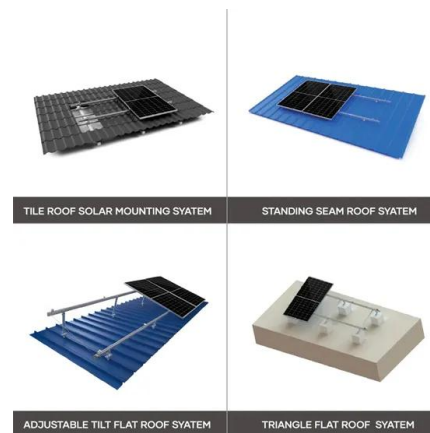


### ["One Big Beautiful Bill Act" Brings Big Changes to ...](#)

On July 4, 2025, President Trump signed into law a sweeping budget reconciliation bill commonly known as the "One Big Beautiful Bill Act" (the Act). The Act includes the following significant transition provisions and other ...

### [Senate Proposes New Deadline for Solar Tax Credit ...](#)

July 4 Update: President Trump signed the "One Big Beautiful Bill" (OB BB) into law, which terminates the 25D solar tax credit at the end of 2025. Homeowner-owned solar systems will need to be installed by December 31, ...



### [The History & Future of the Solar Tax Credit in 2025](#)

The solar tax credit 2025 remains one of the most valuable incentives for homeowners and businesses investing in solar energy. It allows eligible taxpayers to deduct 30% of qualified solar installation costs from their federal taxes, ...



## [Is the 30% Solar Tax Credit Going Away? What You ...](#)

Why 2025 Might Be the Smartest Time to Go Solar The 30% federal solar tax credit remains fully available, offering significant savings for homeowners and businesses. While the credit is in place through 2032, ...



## [Home solar/battery 30% incentive is over 180 days ...](#)

Under the version passed by Congress, the ITC (Section 25D), which offers a 30% tax credit for home solar and energy storage systems, was going to be completely phased out by the end of 2025. The



## [Steep Phase-Out of Wind and Solar Tax Credits in ...](#)

On June 16, 2025, the Senate Finance Committee released its version of the "One, Big Beautiful Bill" (OB BB) that would create a steep phase-out of renewable energy tax credits--notably, renewable energy companies would have to start ...



## **What the One Big Beautiful Bill Means for Solar & Clean Energy Credits**

Residential and EV credits repealed: The residential clean energy credit (Section 25D) will be disallowed for any expenditures made after December 31, 2025. This is a sharp ...



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