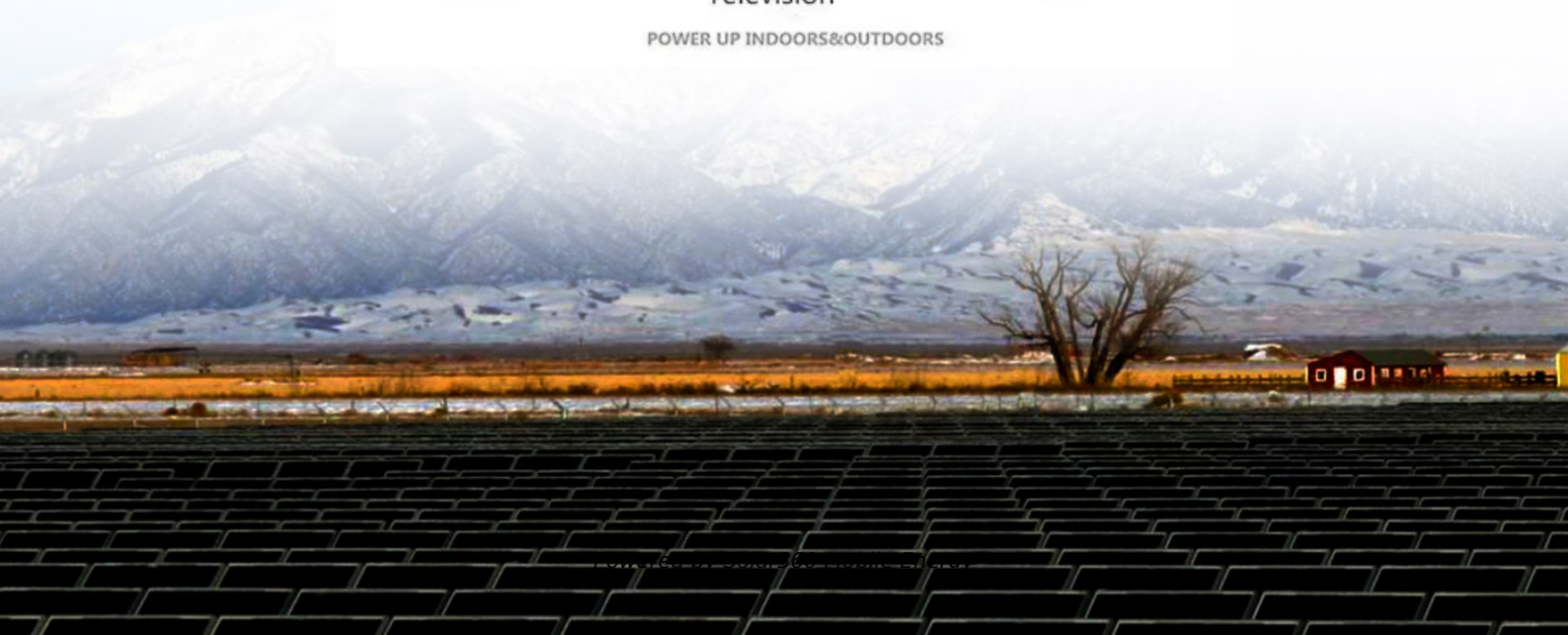


Solar energy credit for businesses





Overview

This resource from the U.S. Department of Energy (DOE) Solar Energy Technologies Office (SETO) provides an overview of the federal investment and production tax credits for businesses, nonprofits, and other entities that own solar facilities, including both.

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The Inflation Reduction Act of 2022 (“IRA”) makes several clean energy tax credits available to businesses. For electricity sold to an unrelated person and produced from the following renewable sources: wind, biomass, geothermal, solar, landfill and trash, hydropower, and marine and hydrokinetic.

The simplest way to think of the ITC for businesses is that it’s essentially the same as the federal solar tax credit for homeowners. Your business must own the system - not lease it or have a power purchase agreement - and it needs to be installed and operational after 2022. Beyond that, there.

The “energy credit” provides a tax credit for investment in renewable energy (fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power) properties, clean hydrogen production facilities (if elected), and qualified interconnection.

Solar energy helps businesses reduce costs and helps them make a positive impact on the environment. Companies cut down on energy bills but also signal their commitment to sustainability by installing solar panels. The federal government offers valuable commercial solar incentives and a tax credit.



In 2024, several tax credits and incentives are available to help offset the costs associated with installing solar energy systems. Here we explore the key federal and state-level incentives, including the Investment Tax Credit (ITC), MACRS depreciation, state level credits, the Energy Community. What is a commercial solar tax credit?

A tax break for businesses, the Commercial Solar Tax Credit—or Investment Tax Credit (ITC)—helps lower the tax bills of companies that install solar systems. By covering a portion of the project costs, the credit offers businesses an incentive to choose solar. What's the purpose here?

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Can a business claim a solar tax credit?

This means businesses can claim 30% of the cost regardless of the total amount spent on the solar installation. Carryover: If the tax credit exceeds the business's tax liability in the year the system is installed, the unused portion of the credit can be carried forward to future tax years.

How does a solar tax credit work?

Form 5695 calculates the residential solar tax credit as part of the nonbusiness energy property credit. The nonbusiness energy property credit then goes on schedule 3 of Form 1040. The solar tax credit offers significant tax savings. The credit percentage reduces after 2022, so plan now to secure maximum savings for your business.

Can a business benefit from a solar energy credit?

To encourage investment in clean energy, this credit lightens some of the financial load for businesses. As long as a solar energy system is installed on their property, whether it's a retail space or a large warehouse, companies can qualify. Industries from hospitality to manufacturing can access this benefit if they meet the requirements.

Can a solar business transfer tax credits?

Tax credits carried backward or forward are not eligible for "transferability" (i.e., cannot be sold). If a business does not have a large tax liability, tax equity financing may allow the business to take full advantage of federal tax benefits for a solar system.



Can I get a tax credit for a solar project?

Projects serving low-income communities or located on Indian land can qualify for additional credits ranging from 10-20%. Example: 250kW Commercial Solar Installation Base System Cost: \$350,000 ITC Calculation: Net Project Cost: \$210,000 (after \$140,000 in tax credits) The ITC is a tax credit, not a refund.



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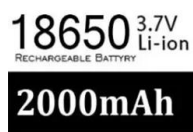


[What Qualifies for Business Energy Tax Credits?](#)

The "energy credit" provides a tax credit for investment in renewable energy (fuel cell, solar, geothermal, small wind, energy storage, biogas, microgrid controllers, and combined heat and power) properties, clean ...

[COMMERCIAL/INDUSTRIAL SOLAR ENERGY TAX CREDIT](#)

An Arizona income tax credit is offered to businesses that install one or more solar energy devices in their Arizona facilities. The tax credit is equal to 10% of the installed cost of the solar energy ...



[How Your Business Can Claim the Solar Tax Credit](#)

Internal Revenue Code (IRC) Sections 48 (a) (3) (i) and 48 (a) (3) (ii) grant businesses a tax credit for solar equipment as part of the energy credit. The energy credit, in turn, contributes to the investment tax credit.

Credits and deductions under the Inflation Reduction Act of 2022

The IRS is working on implementing the Inflation Reduction Act of 2022. This major legislation will affect individuals, businesses, tax exempt and



government entities. Many of the provisions ...



[Energy Tax Credits for Your Small Business](#)

7 Energy Tax Credits Small Businesses Should Know About From renewable energy tax credits to business energy efficiency incentives -- and plenty in between -- consider these top small business energy tax credits you could be ...

[2025 Federal Solar Tax Credit Guide: Expert Insights ...](#)

Investing in solar energy is an increasingly popular way to reduce energy costs, gain energy independence, and contribute to environmental sustainability. In 2025, homeowners and businesses alike can take advantage ...



[Federal Solar Tax Credit Resources , Department of ...](#)

Developed by the U.S. Department of Energy (DOE) Solar Energy Technologies Office (SETO), these guides provide overviews of the federal solar investment tax credit, known as the ITC, for homeowners, ...



Solar Energy Tax Credits and Incentives in 2025: What U.S. Businesses

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