

# Tax breaks for going solar





## Overview

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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.

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.

The solar tax credit allows solar system owners to receive a federal tax credit worth up to 30% of the eligible cost basis of a solar and/or battery storage installation. For instance, a project with an eligible cost basis of \$30,000 would entitle the owner to receive a \$9,000 tax credit in the.

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.

The federal solar Investment Tax Credit (ITC) offers a direct reduction in taxes owed as an incentive for installing a new solar energy system. Per the Inflation Reduction Act, the ITC is 30% of the solar system cost until 2033 and will gradually reduce until it expires in 2035. Property tax.

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.

Despite the legislative changes, the federal tax credit remains available in 2025, providing a 30% tax credit on your solar installation costs. We'll walk you through what you need to know about qualifying for the federal solar tax credit and taking advantage of all the state and local incentives.



The Residential Clean Energy Credit allows you to claim a deduction for the cost of new clean energy property, including solar panels. The credit for solar upgrades has been extended through 2034, empowering more homeowners to switch to solar. Find out if you qualify and learn how to claim the. 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.

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.

When will the solar tax credit end?

June 16 update: The Senate Finance Committee released its text for the “One Big Beautiful Bill” with proposed changes to phasing out the 30% residential solar tax credit. Instead of ending on December 31, 2025, the Senate is proposing to end the 25D solar tax credit 180 days after the bill is signed into law.

Can I claim a solar tax credit?

When you purchase solar equipment for your home and have tax liability, you generally can claim a solar tax credit to lower your tax bill. The Residential Clean Energy Credit is non-refundable meaning that it can offset your income tax liability dollar-for-dollar, but any excess credit won't be refunded.

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.

Do you owe taxes on solar energy?

The amount of tax credit varies by state. State government rebates for solar energy are typically a set amount of money given to those who purchase a



solar system or other qualifying solar technology (e.g. solar water heaters and solar batteries). These are typically available regardless of whether or not the homeowner owes any federal taxes.



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### [Federal Solar Tax Credit: How it works in 2025](#)

The federal solar tax credit is the most widespread solar incentive in the United States. Every U.S. taxpayer who purchases a solar installation is eligible to receive 30% of the cost back as an income tax credit in the year after ...

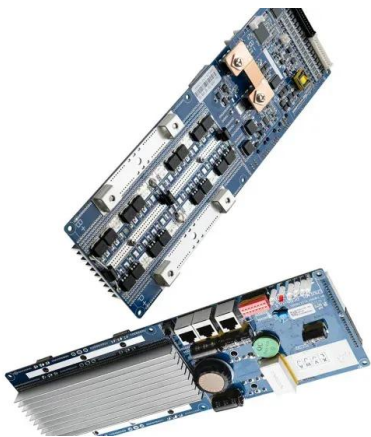
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### [Illinois Solar Incentives Just Got Better: Your 2024 ...](#)

Illinois homeowners can now access unprecedented renewable energy incentives, marking a transformative shift from previous solar incentives. The federal Investment Tax Credit (ITC) offers a 30% tax reduction on total ...



### [Federal solar tax credit in 2025: How does it work?](#)

President Trump signed his sweeping reconciliation bill into law on Independence Day, cutting the residential solar tax credit after December 31, 2025. Despite the legislative changes, the federal tax credit remains available



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### [Federal Solar Tax Credit: How it works in 2025](#)

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### [Frequently Asked Questions About the Solar Tax Credit](#)

Today, with the cost of solar panels falling and the cost of grid electricity rising, the solar tax credit is more like the cherry on top of already substantial solar savings. It's also the source of many questions, as most ...



## Solar Incentives & Rebates

New Mexico offers a state tax credit for individuals, corporations, and agricultural enterprises that install a solar energy system on their property. Whether you own the property or, for federally recognized Indian nations, tribes, or pueblos, hold ...



### [US Senate Budget Bill Proposal Keeps Cuts to Solar, ...](#)

WASHINGTON (Reuters) -A U.S. Senate panel proposed a full phase-out of solar and wind energy tax credits by 2028 but extended the incentive to 2036 for hydropower, nuclear and geothermal energy



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