

# **Tax breaks for solar panels 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.

The One Big Beautiful Bill Act eliminates residential solar tax credits after 2025 and introduces new timelines and restrictions for clean energy tax credits under Sections 45Y and 48E. From pv magazine USA On July 4, US President Donald Trump signed H.R. 1 into law. The bill, also known as the.

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.

Here we'll break down what the bill means for the residential solar industry specifically, what changes are coming into next year, and why homeowners considering solar need to act as soon as possible before the end of 2025. View the full bill changes. The Federal government has offered a tax credit.



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. Will solar tax credits be eliminated after 2025?

The One Big Beautiful Bill Act eliminates residential solar tax credits after 2025 and introduces new timelines and restrictions for clean energy tax credits under Sections 45Y and 48E. From pv magazine USA On July 4, US President Donald Trump signed H.R. 1 into law.

Can I get a solar tax credit after 2026?

Homeowners who install solar panels on or after January 1, 2026 will no longer qualify for any Federal solar tax credits under this program. The 30% Federal Solar Tax Credit is available only through 2025. With these recent changes, homeowners can still claim 30% of the cost of their solar system as a tax credit through the end of 2025.

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 30% federal solar tax credit?

The 30% Federal Solar Tax Credit is available only through 2025. With these recent changes, homeowners can still claim 30% of the cost of their solar system as a tax credit through the end of 2025. This means that for an example solar project, costing \$30,000 in full, you could save up to \$9,000 after the tax credit.

When does the solar tax credit end?

The passing of the One Big Beautiful Bill marks a turning point for clean energy in the U.S. – and an urgent deadline for homeowners. The 30% Federal Solar Tax Credit is ending December 31, 2025, slashing one of the largest incentives for going solar nearly a decade early. By going solar now, you can:  
\*Kasselman Solar is not a tax advisor.

What is the 25D solar tax credit?



This includes the 30% solar tax credit claimed by homeowners, formally known as the 25D Residential Clean Energy Credit. In this article, we'll focus on changes to the 25D solar tax credit and their impact on homeowners who want to go solar. [Jump to a section: Is the solar tax credit going away?](#)

[Is the entire Inflation Reduction Act at risk?](#)



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### [What homeowners should know about installing solar ...](#)

But with the passage of H.R. 1 (aka the One Big Beautiful Bill Act), the residential tax credit will end after 2025. Without the tax credit, people in states with lower average electricity prices may no longer see financial benefits ...

### Renewable Energy Tax Credits in the Big, Beautiful Bill: Final Status

07.03.25 On July 3, 2025, Congress approved passage of the Big, Beautiful Bill (the "Bill" or "BBB"), with a number of provisions that will significantly impact the future of the renewable ...



### [The solar tax credit is ending--we answer 10 ...](#)

The clock is ticking on one of the biggest solar incentives in American history. Homeowners have until January 1, 2026 to claim the 30% federal tax credit--a benefit that can shave thousands of dollars off your solar ...

### Trump initially ordered a pause on IRA funding--what ...

Key takeaways If you install solar panels in 2025, you should likely still be able to claim the federal solar tax credit (ITC), but it's too early to know



exactly how the ITC will be impacted. If you made clean energy ...



### [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, ...

### [Big Changes Coming to the Solar Tax Credit](#)

What's in the Final Version of the Bill? Here's a breakdown of where the solar tax credits stand after the passing of the Big Beautiful Bill: Residential Solar Tax Credit (Section 25D): The End is Near The 30% federal ...



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

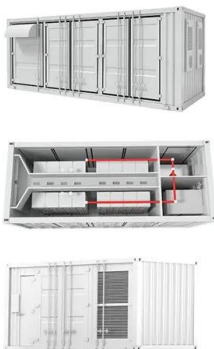
The federal solar tax credit, commonly referred to as the investment tax credit or ITC, allows you to claim 30% of the cost of your solar panel system as a credit to your federal tax bill. For example, if it costs \$10,000 ...





### [Senate Releases Updated One Big Beautiful Bill Text](#)

Before we break down updated changes to the Senate text, it's important for all homeowners who are considering going solar to act now. There is no risk for the tax credit being unavailable to homeowners who have their ...



### **Under Trump presidency, solar tax credits could be at ...**

A contractor installs a solar panel on the roof of a home. Uncertainty over the future of a 30% federal tax credit has some homeowners rushing to get panels hooked to the grid before Trump becomes

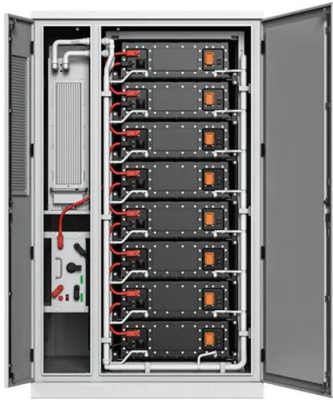
### [How Does The Solar Tax Credit Work in 2025?](#)

The solar tax credit, officially called the Residential Clean Energy Credit, lets homeowners deduct 30% of the cost of installing solar panels from their federal income tax liability. It applies to both the cost of the system ...



### [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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