

What is the solar energy credit for 2025





Overview

If you invest in renewable energy for your home (solar, wind, geothermal, fuel cells or battery storage technology), you may qualify for an annual residential clean energy tax credit of 30% of the costs for qualified, newly installed property from 2022 through 2025.

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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 solar tax credit, also known as the Investment Tax Credit (ITC), is a financial incentive that helps homeowners and businesses reduce the cost of installing solar panels. This credit allows you to claim a percentage of your solar system installation costs on your federal taxes. When you.

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.

If you installed solar panels in 2025, good news, you could be eligible for a 30% federal tax credit that can significantly reduce what you owe on your taxes. But claiming the Federal Solar Investment Tax Credit (ITC) involves a bit of paperwork and planning. This guide walks you through everything.

There are federal tax credits available through the end of 2025 which empower Americans to make homes and buildings more energy-efficient to help reduce energy costs and demand. Through December 31, 2025, federal income tax credits are available to homeowners, that will allow up to \$3,200 to lower. Will a solar tax credit end in 2025?



May 13 update: The House Ways and Means Committee is proposing an end to the residential solar tax credit as part of the reconciliation process. If passed, systems placed in service (i.e., installed and inspected) by December 31, 2025 will still qualify for a 30% tax credit.

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.

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.

Are solar panels tax deductible in 2025?

If you installed solar panels in 2025, good news, you could be eligible for a 30% federal tax credit that can significantly reduce what you owe on your taxes. But claiming the Federal Solar Investment Tax Credit (ITC) involves a bit of paperwork and planning.

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:



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Trump and the Fate of the 30% Solar Tax Credit in 2025 By Brian Lynch , June 30, 2025 With Trump in office and Republican majorities in both the House and Senate, many clean energy credits established by the Inflation ...

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Don't Wait to Save with Solar Time will tell what Congress decides, but the possibility of losing the 30% federal solar tax credit in mere months has introduced a sense of urgency. Home solar remains one of the ...



[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, ...



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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



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For the 2025 and 2026 tax years, the credit is extended, and the previous regulations are in effect. The energy-efficient home improvement credit will now be worth 30% of the costs of all eligible energy efficient expenses. The ...



[How Residential Solar Tax Credit Work In 2025](#)

In 2025, Residential Solar Tax Credit lets you claim 30% of your total solar installation costs--including panels, batteries, and labor--as a direct reduction on your federal taxes. With energy prices soaring and millions of ...



[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 ...





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

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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.



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 ...



[Federal Tax Credits for Energy Efficiency](#)

In addition to the energy efficiency credits, homeowners can also take advantage of the modified and extended Residential Clean Energy credit, which provides a 30 percent income tax credit for clean energy equipment, such as rooftop ...



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 ...



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