



THE TIME TO GO SOLAR IS NOW!

30% SOLAR INVESTMENT TAX CREDIT

Frequently Asked Questions

On Friday, October 3rd, 2008 Congress passed and President Bush signed into law the Economic Stabilization Act of 2008, which included the long awaited 8 year extension of the solar investment tax credit. Of major significance, the act also lifted the \$2000 cap on the tax credit for residential systems. Now, both commercial and residential systems will be eligible for a 30% tax credit. Effective January 1st 2009, the impact of the law will be stable, rapid growth for the industry and a **significant increase in the affordability and financial return of solar for homeowners, making it one of the safest and best investments available today.**

- **When will the new ITC be in effect?**

The new ITC will apply to projects placed into service between January 1, 2009 and December 31, 2016.

- **How did the residential ITC change?**

Homeowners will be able to claim the full 30 percent of the cost of a solar installation as a tax credit; the \$2,000-cap will no longer apply.

- **How did the commercial ITC change?**

Utilities—in addition to all other businesses—will be eligible to claim the 30 percent ITC. In regard to accelerated depreciation, commercial projects are still classified as 5-year property under the modified accelerated cost recovery system (MACRS). However, the 50 percent 'bonus depreciation' for 2008 projects is set to expire.

- **What happens if a homeowner can't use the full credit in the year of installation?**

Any unused portion of the residential ITC can be carried into future years.

- **How does the alternative minimum tax (AMT) affect the ITC?**

Tax payers who claim the ITC should no longer be penalized by the AMT calculations, so AMT filers should be able to claim the full ITC.

- **Are there size limits on projects eligible for the ITC?**

No, projects of any size or cost are eligible.

- **Is the funding for the ITC limited?**

No, there are no limits on the number of taxpayers that can claim the ITC.

- **Can members of a homeowners association (HOA) claim the ITC for an HOA-owned system?**

Yes, members of the HOA are able to claim the residential ITC in proportion to their share of the HOA's expenses; typically a homeowner's monthly HOA payment should be directly related to their share of the HOA's expenses.

Source: Sunwise Technologies, Inc. Information is intended as general guidelines. Please consult your tax professional for advice on how the ITC applies to specific situations.