



*An SC Solar Company*

## Memo

**To:** Innovative Solar Water Pumping Customers  
**Date:** 11/26/2008  
**Re:** Extension of Federal Tax Credits for Solar Energy - [H.R. 1424: Div. B \(The Energy Improvement and Extension Act of 2008\)](#)

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### **Solar Water Pumping systems qualify for 30% Federal Tax Credit**

Here are the basics as they apply to **Solar Water Pumping systems**:

- 1) Renewable-energy equipment expenditures eligible for the tax credit include the cost of the equipment and associated design; construction costs
- 2) The federal business energy tax credits available under 26 USC § 48 were expanded significantly by the Energy Improvement and Extension Act of 2008 (H.R. 1424), enacted in October 2008. The new law extended the duration -- by eight years -- of the existing credits for solar energy; extended eligibility for the credits to utilities; and allowed taxpayers to take the credit against the alternative minimum tax (AMT), subject to certain limitations.
- 3) **The credit for residential and commercial customers is equal to 30% of expenditures, with no maximum credit limit stated.** Eligible solar energy property includes equipment that uses solar energy to generate electricity, to heat or cool (or provide hot water for use in) a structure, or to provide solar process heat. (Passive solar systems and solar pool-heating systems are *not* eligible.)
- 4) In general, the original use of the equipment must begin with the taxpayer, or the system must be constructed by the taxpayer. The equipment must also meet any performance and quality standards in effect at the time the equipment is acquired. The energy property must be operational in the year in which the credit is first taken.

**Please consult with your tax advisor prior to making a purchase of solar products based on this information.**

*Innovative Solar Solutions*

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